Keeping Assisted Housing Affordable: Energy Policy Strategies and Considerations

May 20, 2016
Overview

- Investment
- Affordable Housing
- Buildings
- LMI Goals
- REV Goals

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New York’s REV Goals: Why Low-to Moderate Income?

• Governor Cuomo’s REV and State Energy Plan Goals:
  – Reductions in GHG emissions of 40% by 2030
  – 23% reduction in energy use by the State’s buildings by 2030
  – Gov. Cuomo has mandated 50% of New York’s electricity to come from renewable energy by 2030

• Approximately 30% of New York households are Low-to moderate income. NYS will not reach its REV goals without enhancing access to energy efficiency and renewables in these communities. But how?
New York’s REV Goals: Why Buildings?

• Buildings account for 60% of all energy used in New York State, and 31% of our greenhouse gas (GHG) emissions
• Approximately 70%-80% of current buildings will still be in use by 2050, when climate and energy goals are to be met
• Investing in building energy efficiency is a powerful and cost effective way to reduce emissions and meet the Governor’s goals
• Coupling energy efficiency and renewable energy can be an even more powerful tool to accomplish goals and build resiliency in communities, especially those at disproportionate environmental risk
New York’s REV Goals: Why Multi-family Affordable Buildings?

- Energy efficiency improvements in NY’s multifamily affordable housing stock can cost-effectively reduce energy usage by 31% in the next 20 years
- Improving the performance of our affordable housing stock ensures that low-and-moderate income New Yorkers are not left out of the transition to a clean energy economy, and can help our housing agencies accomplish their own goals:
  - Lower bills, improved comfort, greater control over energy usage
  - Healthier and safer living environments
  - Resiliency during extreme weather events
  - Mitigate impacts of increased energy costs over time
  - Potential job opportunities for residents
New York’s REV Goals:
Why multi-family affordable housing?

We also know there is significant potential to enact lasting change because the state regulates a lot of affordable housing stock:

- NYSERDA’s “Transition Zero” Initiative seeks to dramatically transform performance of existing affordable housing stock (HCR, HPD/HDC, public housing agency partners).
- Green & Healthy Homes Initiative seeks to conduct comprehensive home retrofits that remediate environmental asthma triggers and install energy efficiency measures to make homes cleaner, healthier, and less costly…using innovative funding sources.
New York’s Climate, Energy and Housing Goals: Why multi-family affordable housing?

And it makes economic sense, especially when we’re building new buildings:

• Higher performing buildings reduce operating costs.
• Reduced operating costs can enable affordable housing developers to leverage additional capital to finance their buildings.
• If the energy savings generated by lower operating costs accrue to the developer, the amount of subsidy required can be reduced, enabling state housing agencies to finance more affordable units.
• Lower costs and simpler technical solutions, in combination with the smaller systems required to meet lower space conditioning, also indicate higher performance buildings are economically justified.
• High performing buildings are resilient, durable, and can be occupied under duress, especially important in affordable housing.
What are we doing about it?

• $234 Million, 3-year Commitment to LMI in NYSERDA’s new CEF includes:
  – $33MM in direct incentive support for existing LMI MF housing through MPP
  – $17MM for other LMI multi-family housing initiatives, including approximately $10MM for the deep energy retrofit design competition
  – $22MM in direct incentive support for LMI low-rise and multi-family new construction
  – $5MM in in market development support associated with LMI new construction
  – $40MM in “Affordable Solar” incentives through the LMI component of the Governor’s NY-Sun program. Part of that program will target affordable housing developers with technical assistance and guidance for accessing program funds and incorporating renewables into their developments

• But more importantly – we are working more closely than ever with HCR to make sure our energy dollars are being put to work through the right channels to reach low-and moderate income New Yorkers.
Tom Carey

NYS Homes and Community Renewal
What is Affordable Housing?

- Publicly-assisted housing (privately owned with subsidy and regulation)
- Public housing (owned by a housing authority)
- Unsubsidized private housing in good condition
  - Substandard housing is not affordable
Components of Housing Cost

• Rent/debt service
• Utilities/energy costs
  – Different issues for electric vs. heating costs?
• Maintenance/operations
  – Taxes, insurance, snow removal, etc.
• Transaction costs (land, fees, lawyers)
Factors Affecting Affordability

• Type of housing
  – Owner-occupied (including cooperatives)
    • Hybrids such as mobile homes in parks or community land trusts
  – Rental (multifamily and small building)
    • Limits on tenants’ ability to pay higher rents to cover cost of energy retrofits
    • Split incentive: is this an issue in affordable or subsidized housing?
Factors Affecting Affordability

- Regulatory restrictions
- Housing condition
  - Lack of access to capital for improvements
  - How many roofs are in good enough condition to permit efficiency and renewables?
  - Can you do energy work without health and safety interventions?
Keeping Housing Affordable

- Energy use awareness/management
  - (benchmarking, DSM, client education)
- Energy assistance subsidies
  - (HEAP, Low-income utility programs)
- Efficiency programs (Empower, MPP, WAP)
- Renewables (NY Sun, community solar)
- Technical assistance (e.g. Better Buildings)
NYS Energy/Housing Initiatives

• REV/CEF initiatives
  – LMI programs maintained
  – Other

• HCR energy and green building initiatives
  – Green guidelines
  – Transition zero: deep energy retrofits
Other Approaches

• Outreach and education – why aren’t more owners investing in efficiency or renewables?
• Innovative financing and capital investments
• Section 8 and LIHEAP subsidies
  – is it time for efficiency standards in units that receive Section 8 and HEAP assistance?
Green Standards Effective January 2017

Project must comply with one of the following standards:

- NYSERDA Incentive Programs
- US EPA ENERGY STAR Programs
- Enterprise Green Communities Criteria
- Passive House Institute Standard
- National Green Building Standard
- Leadership in Energy and Environmental Design (LEED)
Benchmarking

Must track and report utility usage data through automatic electronic benchmarking service and share with DOE Portfolio Manager

• New construction project benchmarking:
  • Begins the month after stabilized occupancy is achieved
  • Continues through duration of regulatory agreement

• Preservation project benchmarking:
  • Must submit benchmarking data on all buildings in the project for 2 full years prior to HFA application.
    • Green Physical Needs Assessment to indicate inefficiencies addressed in proposed scope of work
  • During construction through duration of regulatory agreement
2016 HCR RFP Workshops

HCR issued Multifamily Open Window RFP for capital sources - primarily available to projects financed by HFA tax-exempt bonds.

Workshops will be held on:
- Friday, June 3rd - 9:30am - 12:30pm
- Monday, June 6th - 9:30am-12:30pm

At: NYS Homes and Community Renewal, 641 Lexington Avenue (entrance on 54th street), 4th floor, Conference rooms B/C, New York, NY 10022

Registration opens at 9am. Please leave sufficient time to get through building security.

Due to space constraints, RSVP is required. Please RSVP to workshop@nyshcr.org with the date of the workshop you’d like to attend.
For more information...

www.nyshcr.org

www.ny.gov/programs/reforming-energy-vision-rev

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