

2012 NCSHA Annual Awards for Program Excellence
Category: Rental Housing – Preservation & Rehabilitation

Greener Homes Program

Background

Thousands of New Hampshire families and seniors depend on affordable housing created under state or federal financing programs. Most of this housing is privately owned and much of it was built in the 1970s and 1980s. Although these properties are a vital part of the state's housing infrastructure, they are aging, generally much less energy efficient and therefore more costly to operate than newer housing units. The escalating cost of operating made these buildings prime candidates for conversion to market rate apartments or other uses, especially in a rental housing environment with rising rental prices – all of which would result in the loss of affordable housing units for more than a thousand New Hampshire families and seniors.

The loss of these housing units would be disastrous for the families who occupy them as new construction of affordable rental housing has not kept pace with demand, statewide. Many families and seniors would be forced to relocate, which would have far-reaching implications not only for them, but for the New Hampshire communities in which they live, work and contribute.

Recognizing this issue, several years ago New Hampshire Housing (the state's primary funder of affordable housing developments) created the Greener Homes Program (GHP). GHP is intended to provide resources to owners of existing affordable properties to support energy efficiency improvements and, in so doing, reduce operating costs and extend the life of these critical housing assets.

New Hampshire Housing's GHP funding focuses on two key components: energy innovations and energy retrofits. A handful of innovation projects have incorporated leading-edge energy efficiency technology, such as geothermal heating and/or solar panels. In these projects, NHHFA is assuming the risk that those improvements will lead to lower operating costs, for the purpose of encouraging other owners and HVAC engineers to expand their thinking regarding lowering energy consumption in multifamily housing. The majority of the Greener Homes Program work, however, is with energy retrofits. The projects under that program component are benefitting from decreases in energy costs from building upgrades such as improved building insulation, window replacements and the installation of green technology.

A key component of the program is the underlying quid pro quo, i.e., project owners elect to extend affordability restrictions in exchange for deferred loan commitments from the Greener Homes Program which funds the actual energy improvements. Projects must commit to a minimum of 20 years of future affordability restrictions in return for Greener Homes funding.

In summary, the Greener Homes Program is focused on two core objectives:

1. Energy modernization of aging, at risk affordable rental housing inventory
2. Preservation of long-term affordability of participating properties

Initial Funding

The Authority's Greener Homes Program is supported by a \$2 million grant, provided by the New Hampshire Public Utility Commission's Regional Greenhouse Gas Initiative ("carbon cap-and-trade"), leveraging \$3 million in HOME funds from New Hampshire Housing, up to \$1 million in Weatherization Assistance Program (WAP) funds from the state's Office of Energy and Planning, and rebates from utility

companies active in the state. The WAP funding represents one of the few commitments nationally of federal Weatherization Assistance Program funds targeted directly at multifamily properties. In total, the Greener Homes Program's initial funding commitment was \$6.5 million. Significantly, the program leverages additional bond-financed preservation activities for projects participating in New Hampshire Housing's preservation program.

In the first year of operations, Greener Homes funding was instrumental in leveraging more than \$30 million in tax exempt bond issuance supporting the comprehensive preservation funding of six projects.

Responding to Strong Market Demand

In its first year of operation, the Greener Homes Program found a very strong market response. Initially projected to provide energy improvement funding to approximately 750 units in the first 12 months of operation, the program accepted over 1,200 units in 37 projects for rigorous energy audits, the first step in the process. Given their real-world experience with the cost per unit of making comprehensive energy improvements, program staff members are optimistic that Greener Homes will easily exceed original program projections. All participating projects are committing to minimum 20 year affordability restrictions and must achieve a minimum 15% energy reduction.

Significantly, the Greener Homes Program has provided the vehicle to coordinate disparate and often-time diffused energy funding sources. By consolidating resources into a single funding collaborative and establishing an Advisory Committee comprised of representatives of the various funding entities as well as affordable housing owners and property managers, the Greener Homes Program provides a coordinated, synchronized mechanism for channeling scarce subsidy dollars from separate funding "silos" into high-need multifamily housing.

Program Benefits

- The Greener Homes Programs provides a wide range of benefits: Energy modernization of more than 930 units of affordable rental housing serving lower income households with another 300 units in the pipeline.
- Extension of affordability restrictions to at least 20 years, thereby avoiding the potential loss of units from the affordable inventory
- Reduction in electric and fossil fuel costs by an average of 43% in Greener Homes Program funded properties, far surpassing the program's minimum
- Significant reductions in carbon emissions related to energy generation
- Formation of a funding collaborative among various housing and energy funders allowing for a concentrated effort accomplishing program objectives
- Leveraging financing opportunities for multifamily preservation and rehabilitation activities contributing to New Hampshire Housing's programmatic and financial objectives
- Job creation and retention in construction-related occupations in New Hampshire, keeping hundreds of residents working during tough economic times.

Real Impacts for Real People

New Hampshire Housing kicked off its Greener Homes Program by committing funds for an extensive energy retrofit project that assisted a local nonprofit, Families In Transition (FIT), by lowering operating costs for its Bicentennial Square property, located in Concord, NH.

Since 2004, Bicentennial Square has served individuals and families at risk of becoming homeless. Over the years, utility rates have increased dramatically in the central area of our state capital, putting a

significant strain on FIT's operating budget – so much so that the nonprofit needed to do additional fundraising to pay ever-increasing energy costs.

A high-efficiency gas boiler and six state-of-the-art solar water pre-heating panels were installed in place of the antiquated systems at the Concord site. Prior to the completion of these scheduled energy retrofits, New Hampshire Housing estimated a resulting decrease of more than \$35,000 (a 75% reduction in annual energy costs) in FIT's annual operating budget. Such significant reductions were huge for a nonprofit organization that stretches each dollar as far as possible to serve a special needs population in the Granite State.

Replicable

The Greener Homes Program is replicable for any state housing finance authority. While not all states have access to RGGI funds from the auction of carbon credits, there are other resources available to address energy efficiency. Therefore, RGGI funds are not a limiting aspect of the program. Additionally, New Hampshire Housing's successful effort to secure federal Department of Energy weatherization funds will help other states seeking to form similar partnerships, since the case study for overcoming programmatic resistance to supporting multifamily energy weatherization needs has now been established. The precedent set by New Hampshire's Greener Homes Program should serve as a guide for how weatherization funds may be successfully employed.

Why Is This Program Meritorious?

As previously stated, the Greener Homes Program is focused on two core objectives of energy modernization of aging, at risk affordable rental housing inventory and preservation of long-term affordability of participating properties.

New Hampshire Housing believes these goals are being achieved and exceeded. Currently 930 units of housing have received financing commitments from the agency through the Greener Homes Program with another 300 units having completed energy audits and now just await financing approval. The average anticipated energy reduction in the program is 43% - far more than the required 15% minimum. In addition, the per unit cost for the energy upgrades is less than \$6,500 as many of the projects underway have been able to leverage additional financing to complete other needed rehabilitation work. That has, in turn, allowed New Hampshire Housing to stretch the Greener Homes Program funds even further.

Additionally, as a result of the Greener Homes program requirements, there will be a total of 37 low-income housing projects that will remain affordable for at least 20 more years. That means that over 1,000 families and seniors will be able to remain in their homes, and have a healthier living environment due to the energy improvements. Because of Greener Homes over 1,000 units will remain part of the state's affordable rental inventory.

The Greener Homes Program is a solid demonstration of an effective public/private effort that will have significant housing, social and energy efficiency outcomes for New Hampshire for decades to come. Recycling and renovating existing housing units to keep them in use as affordable residential units, while making them more efficient and cost-effective for the building owners, is a winning proposition for New Hampshire residents and businesses, our overall economy and our environment.

NHHFA Greener Homes Program Project Commitments

Project Name	Location	Project Commitment Date	Type	# Units	Greener Homes Amount	Total Development Costs	Greener Homes Cost per Unit	Projected Energy Savings	Project Status
Bicentennial Square*^	Concord	May-10	Transitional	16	\$175,000	\$175,000	\$10,938	75%	Complete (switch from steam heat to gas)
Sugar River Mill	Claremont	Oct-10	Elderly/Family	162	\$200,000	\$11,473,987	\$1,235	31%	Complete
Eastern Avenue Apts	Concord	Nov-10	Family	16	\$178,823	\$178,823	\$11,176	37%	Complete
Women in Transition	Manchester	Nov-10	Transitional	9	\$163,283	\$163,283	\$18,143	40%	Funds Committed
Wamesit Apartments	Portsmouth	Feb-11	Family	100	\$300,000	\$15,622,900	\$3,000	77%	Complete (switch from electric to gas heat)
McKee Inn	Lancaster	Feb-11	Elderly	35	\$550,000	\$3,293,944	\$15,714	49%	Complete
Opera Block	Woodsville	Feb-11	Elderly	34	\$85,000	\$5,113,043	\$2,500	42%	Complete
Conway Pines^	Conway	Oct-11	Family	32	\$200,000	\$6,692,973	\$6,250	60-70%#	Under Construction
Lisbon Inn	Lisbon	Nov-11	Elderly	20	\$220,900	\$220,900	\$11,045	37%	Complete
Mill Knoll	Tilton	Nov-11	Family	17	\$187,000	\$187,000	\$11,000	45%	Under Construction
Beaver Mills	Keene	Dec-11	Elderly	30	\$289,925	\$289,925	\$9,664	28%	Funds Committed
Berlin Scattered Site	Berlin	Dec-11	Family	55	\$254,480	\$254,480	\$4,627	30%	Funds Committed
Melcher Court	Groveton	Dec-11	Elderly	24	\$178,380	\$178,380	\$7,433	28%	Under Construction
New Hope Housing	Rollinsford	Dec-11	Family	12	\$129,100	\$129,100	\$10,758	36%	Funds Committed
Rolling Green Village	Pittsfield	Dec-11	Elderly	40	\$272,800	\$272,800	\$6,820	26%	Under Construction
St. Regis Housing	Berlin	Dec-11	Elderly	42	\$380,725	\$380,725	\$9,065	50%	Under Construction
Troy Senior Housing	Troy	Dec-11	Elderly	15	\$140,210	\$140,210	\$9,347	56%	Funds Committed
Cedar House	Manchester	Feb-12	Elderly	30	\$386,940	\$386,940	\$12,898	36%	Under Construction
Lakeport Village	Laconia	Feb-12	Elderly/Family	75	\$419,330	\$419,330	\$5,591	20%	Under Construction
Pine Manor	Bethlehem	Feb-12	Family	6	\$66,800	\$66,800	\$11,133	37%	Complete
Hope Avenue	Concord	Mar-12	Group Home	6	\$40,000	\$40,000	\$6,667	40%	Under Construction
Franklin Falls	Franklin	Mar-12	Group Home	8	\$47,458	\$47,458	\$5,932	40%	Under Construction
Rush Square	Henniker	Mar-12	Elderly	40	\$295,000	\$3,640,654	\$7,375	47%	Funds Committed
Xavier House	Nashua	Mar-12	Elderly	34	\$315,000	\$3,460,322	\$9,265	52%	Funds Committed
Highland House	Whitefield	Mar-12	Elderly	36	\$160,000	\$3,311,000	\$4,444	55%	Funds Committed
Mountainview	Ossipee	Mar-12	Elderly	24	\$275,000	\$2,027,380	\$11,458	35%	Funds Committed
Pondview	Conway	Mar-12	Elderly	12	\$105,000	\$657,593	\$8,750	44%	Funds Committed
Totals for 27 Projects:				930	\$6,016,154	\$58,824,950	\$6,469	43%	

* Financed under Pilot Program

^ Energy Innovation Projects (all others are Energy Retrofit Projects)

Conway Pines is installing a full geothermal heating system, using groundwater to heat the building and to provide domestic hot water. This means zero emissions from the project itself, though the system does use electricity to pump the groundwater. Energy use is projected to be 70% less than using gas or oil.

**Greener Homes Project Example
Sugar River Mill, Claremont, NH**

Townhomes – Family Housing

Before



Renovation begins





Completed Units



Mill Building – Elderly Units

Complete



Atrium



**Greener Homes Program Project Example
Opera Block, Woodsville, NH**

Before



After





**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
GREENER HOMES PROGRAM RULES
(HFA:116)**

HFA:116.01 Introduction

The Greener Homes Program (GHP) will provide resources to improve energy efficiency and reduce operating costs in existing and new affordable housing developments. There are two sub-components of the Greener Homes Program - Energy Retrofits and Energy Innovations. The Energy Retrofit component will provide funding for existing low-income multi-family housing in need of targeted energy retrofits. The Energy Innovations component will provide funding for primarily new construction or substantial rehabilitation that encourages the use of emerging and innovative energy technologies.

HFA:116.02 Purpose

The purpose of these rules is to outline applicant and project eligibility, program and repayment requirements, application and selection process, and program administration.

HFA:116.03 Applicant Eligibility

All single asset mortgagors including non-profit 501 (c) 3 corporations, limited partnerships, general partnerships, corporations, and limited liability companies are eligible to apply.

HFA:116.04 Project Eligibility

1. Energy Retrofits -This program is available to all publicly financially assisted, rent-restricted housing in New Hampshire that has a demonstrated need for energy consumption reduction.
2. Energy Innovations – This program is available to all publicly financially assisted, rent-restricted housing in New Hampshire that can demonstrate to the Authority cost effective use of an emerging and innovative building energy system.

HFA:116.05 Program Requirements

1. The project must, at a minimum, have 50% of the total units occupied by residents having incomes at or below 60% of the median area income for the area in which the project is located.
2. Funding is limited to the lesser of \$20,000 per unit or \$600,000 per project for the Energy Retrofit component of the Program.

3. Funding is limited to the lesser of \$30,000 per unit or \$500,000 per project for the Energy Innovations component of the Program.
4. All participating projects in the Energy Retrofits program must have an initial energy audit completed by a qualified third-party energy consultant as determined by the Program Implementer. The project Owner will commission the energy audit, and will be responsible for the cost of the energy audit. The energy audits are required in order to establish baseline performance data and to arrive at a scope of work. Projects deemed eligible for GHP funding will be reimbursed for the audit cost at loan closing.
5. All projects that receive GHP Retrofit funding will be required to submit annual energy consumption data to the Program Implementer and to the Authority in order to monitor the impact of funded improvements.
6. All GHP projects must provide a minimum of 20 years of affordability after the energy improvements are complete. Projects with less than 20 years remaining on their existing land use restriction agreement (LURA) will be required to extend that agreement to 20 years or enter into a new LURA to insure GHP compliance for the 20 year minimum.
7. All projects will be required to comply with all federal crosscutting requirements imposed under the HOME Investments Partnerships Program found at 24 CFR Part 92 if HOME funds are used to fund the improvements.

HFA:116.06 Repayment Requirements

1. For the Energy Innovations component of the Program, funds will be provided in the form of a 0%, non-amortizing, deferred payment loan. Repayment of the deferred payment loan will be made from 50% of the annual surplus cash for the project except that any other Authority program that has a claim on a project's surplus cash will have a priority repayment position over the GHP.
2. For the Energy Retrofit component of the Program, funds will be provided in the form of a deferred payment loan that will be payable upon sale, refinance, or in the event of non-compliance with program requirements.

HFA:116.07 Application Process

1. The Authority will announce on its web site and by other public notification when it will be accepting applications for participation in the GHP.
2. Applicants seeking other additional funding resources from the Authority such as the Low Income Housing Tax Credit Program, Rental Housing Production Program, Multi-Family Bond Financing Program, and Special Needs Housing Program must submit the required applications used in connection with those programs by the appropriate application deadline dates imposed by those programs.
3. Projects seeking solely Greener Homes funding will be required to submit an application on a form provided by the Authority. Applications for the program will be accepted continuously. All accompanying documentation required by the application

must be included. The Authority reserves the right to reject any application determined to be incomplete.

HFA:116.08 Selection Process

Projects will be selected based on staff analysis of the following criteria:

1. Impact of proposed improvements on project operating budgets.
2. Cost effectiveness of proposed improvements.
3. Demonstrated energy savings.
4. Participation in a comprehensive rehabilitation program to insure improvements beyond those funded by GHP.

Projects with reserves sufficient to fund the energy improvements, in the determination of the Authority, will not be selected for funding or will be required to make an appropriate match of the GHP funds.

HFA:116.09 Program Administration

The Authority will hire a qualified agency to act as Program Implementer to manage the flow of projects through the Energy Retrofits GHP process. Funding commitments will be made by the Board of Directors based on the results of the staff review and selection process. Continued operation of the Greener Homes Program is subject to availability of funding resources.

HFA:116.10 Public Records

Applicants should be aware that any information submitted as part of an application will likely be considered public information under the New Hampshire Public Records law as soon as a reservation decision has been made by the Authority.

HFA:116.11 Appeal Process

Applicants may appeal the Authority's decision, solely with regard to their application in any area covered by these program rules. Applicants must submit a written request for an appeal within 10 business days of notification that energy efficiency resources will not be awarded. Within another 10 business days the appellant must provide a copy of any written materials relevant to the appeal request by the Authority's Multi-Family Housing committee, which will make a recommendation to the full Board.

HFA:116.12 Amendments, Corrections, and Waivers

The Authority reserves the right to modify HFA:116 at any time. The Executive Director is authorized to make technical corrections such as typographical errors and inconsistencies. The Authority may waive these rules as necessary and appropriate or may impose project specific requirements as a condition of financing approval.