

NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 15, 2016

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact awards@ncsha.org or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

Use this header on the upper right corner of each page:

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

EnergySpark Home Loan

The EnergySpark Home Loan is the Commission's newest, and greenest, home-loan program. It offers long-term affordability by incentivizing homebuyers to either purchase an energy-efficient home or make improvements to the energy-efficiency of an existing home.

This joint pilot program of our Homeownership and Multifamily Housing & Community Facilities divisions was created to help homebuyers not only save energy but lower their housing-cost burden. Borrowers save money on their mortgage rate and downpayment, then on their utility bills for all the years they live in their home.

Background

Energy costs are often overlooked when determining the true cost of owning a home. Lenders have not traditionally taken into account these costs when approving potential buyers for home purchases. However, the costs of heating, cooling, lighting, cooking and washing vary greatly from home to home depending on size and efficiency, and can make hundreds of dollars of difference in a monthly budget. The average homeowner in Washington spends over \$2,000 a year in utilities.

In fact, according to a study by the Center for Community Capital at the University of North Carolina, owners of energy-efficient homes are a third less likely to default on their mortgages.

Unfortunately, very few new homes in Washington state are both affordable and green. Highly energy-efficient homes are seen as a luxury product; "green" is a selling point for civic-minded, affluent buyers.

Meanwhile, few existing homes undergo energy-efficiency improvements. When most homeowners take out a home-improvement loan, they end up foregoing "invisible" energy upgrades because they're thinking of aesthetics and resale value (read: a kitchen or bathroom remodel) rather than these annual losses to wasted energy.

The Commission's EnergySpark program is challenging these perceptions among both lenders and homebuyers by providing a better mortgage rate and an incentive to make energy improvements at the time of purchase.

How it Works

In developing EnergySpark, the Commission built on first-mortgage products like the FHA 203k Streamline and the Fannie Mae Energy Efficient Mortgage that already finance energy improvements at the time of purchase. However, these programs are currently under-utilized by lenders because they're not well known or require extra time-consuming processes. EnergySpark was designed to resolve these issues and clear the path for homebuyers.

The Commission followed the market for about nine months while developing EnergySpark. Although it meant foregoing our profit and possibly subsidizing the program using revenues from our highly successful Home Advantage program, we felt that a rate reduction was needed, especially in the initial rollout to gain attention.

Thus, the key incentive of EnergySpark is a ¼ percent off the Commission's daily interest rate—and borrowers remain eligible to use the Commission's downpayment assistance.

Borrowers can either purchase a new home that's energy efficient, or an older home that can be upgraded.

A newly constructed home must exceed current Washington State standards by 15 percent, as evidenced by either of the following attestations based on commonly accepted energy standards:

- Certification as Northwest Energy Star Homes®; LEED ® for Home Silver, Gold or Platinum; Department of Energy Zero Energy Ready Home; Passive House; or Built Green® 3, 4, or 5 Star rating; or
- An energy assessment documenting the home's equivalence to a Northwest Energy Star Home.

By contrast, an existing home must have its energy efficiency improved by at least 10 percent as a result of EnergySpark improvements. The first step in this process is an energy assessment by a certified energy auditor, who analyzes the home's energy footprint and recommends the most cost-effective improvements.

Typical energy upgrades include:

- Whole house air sealing, duct sealing
- Replacing a furnace/cooling system
- Upgrading a water heating system
- Fixing or replacing a chimney
- Insulating an attic, crawl space, and/or pipes and air ducts
- Replacing doors or windows
- Installing active and passive solar technologies

The borrower then completes the work (typically through a contractor), and has another post-work energy assessment documenting the improvements. The work, and the cost of the assessments—typically ranging from \$5,000 to \$15,000—is financed into the home loan.

To accommodate these extra steps, homebuyers receive an additional 15 days for closing when they use EnergySpark.

Implementation

As EnergySpark was conceived and constructed, we held focus groups with a few lenders to identify the interest in the program, which was strong. We then built a marketing plan and materials with the help of our communications team. Other energy conservation programs have been underutilized simply because they weren't well known, so we actively combatted this issue with a concrete marketing effort. Part of this plan was conducting lunch and learning events statewide. EnergySpark was officially launched on June 29, 2015.

Eligibility

EnergySpark is designed to work with our Home Advantage program, which offers our least restrictive requirements. Eligibility for EnergySpark includes:

- A household income under \$97,000
- Credit score of at least 620
- Purchasing either:
 - A new home that exceeds Washington state energy standards by 15% or is rated as NW Energy Star, LEED, Net Zero, Passive House, or Built Green;
 - An older home that can be upgraded for 10% energy savings over its current use.
- Not restricted to first-time homebuyers
- Loans must be originated by a Commission-trained loan officer and locked at the Commission's interest rate.

- Homebuyers must attend a free Commission-sponsored homebuyer education seminar. These classes, which are taught throughout the state, cover 23 benchmarks of the homebuying process and are required for all our home loans.

Lender Training

The Commission offers monthly lender trainings required for housing professionals. By seamlessly integrating the EnergySpark program into the standard lender training, the EnergySpark program receives regular necessary exposure, an advantage over other underutilized energy efficiency programs.

The First EnergySpark Loan

Our first homebuyer to use EnergySpark was Shannon Cariaso, a dental assistant who knew that every bit of savings would help her as a homeowner in the long term. She worked with her Realtor to use our program to purchase a 1956 house in Lakewood, Wash. After hiring Green Dog Enterprises to provide her energy assessment, she followed their recommendations by replacing the furnace and insulating the floor and ceiling.

Through EnergySpark, the \$8,276 cost of the work was financed into Shannon's loan by Evergreen Home Loans. From now on, according to the post-work energy audit, Shannon will save nearly \$900 a year in heating costs.

An Energy-Efficient Neighborhood

The Commission is working to implement EnergySpark on a large scale through innovation and collaboration—not just with other organizations, but among our own divisions.

Through teamwork and interdepartmental creativity, the Commission could first finance the development of eight highly energy-efficient new townhomes in the Spokane Valley through our Sustainable Energy Trust, and then offer EnergySpark to the lower-income borrowers who will purchase these homes.

Part of a new community called Valley Pointe under development by the nonprofit Community Frameworks, these homes are designed to be at least 30% more efficient than Washington's energy code requires, a qualifying feature for EnergySpark eligibility. This project is designed to serve buyers in the 70% to 100% range of area median income, which will likely include older millennials and younger Baby Boomers. In mid-June, the homes were almost complete and ready to go on the market.

The Future

EnergySpark has resulted in four successful homebuyers since we launched in June 2015, and we hope to have eight more when the Valley Pointe townhomes are offered for sale this summer. Interest among lenders remains very high in this program, and when our new home-loan servicer is in place in summer 2016, we expect to ramp up our marketing efforts.

EnergySpark has started a valuable conversation by adding energy efficiency to the equation of homeownership costs—and redefined “sustainability” as something that's green in two ways: saving the environment and saving money.



Homebuyers save money two ways:

1. The mortgage rate and down payment:

Borrowers who buy an energy-efficient home or make upgrades to an existing home at the time of purchase **save 1/4 point on their interest rate.**

Plus, they still qualify for our downpayment assistance!

2. The utility bill:

Energy and water are among the hidden costs of homeownership. The more efficient, the more money saved, every month.

wshfc.org/EnergySpark



Buy a house.
Save energy.
Save money.
It's that simple.



Welcome to the newest—and greenest—home-loan program from the **Washington State Housing Finance Commission.**

EnergySpark is designed to work hand-in-hand with our **Home Advantage** loan and downpayment assistance. Homebuyers who may qualify:

- Household income under \$97,000
- Credit score at least 620
- Purchasing either:
 1. A new home that exceeds Washington state energy standards by at least 15%, OR
 2. An older home that can be upgraded for 10% energy savings over its current use.

An energy assessment shows the most cost-effective upgrades for the home, and **EnergySpark** helps finance the work!

Learn more! wshfc.org/EnergySpark

“I tell everybody about the program... every bit of savings helps.”

Shannon Cariaso admits that utility costs were far from her mind when she chose her house in Lakewood.



Homeownership
Program

But when Shannon found out about the Commission’s new EnergySpark program, she jumped at the chance to make energy-efficiency improvements up front.

In fact, she was the first homebuyer to use EnergySpark, launched in 2015. This program lets homebuyers finance energy-efficiency upgrades at the time they buy their home (or rewards them for buying homes that are already energy-efficient). Plus, buyers save up to a quarter percent on their mortgage rate and can still use the Commission’s downpayment assistance, a zero-percent-interest loan.

Shannon knew her 1956 house could certainly use some energy upgrades. She hired Green Dog Enterprises for the required energy inspection of her new house. The recommendation: replace the furnace and insulate the floor and ceiling.

Shannon and her Realtor, Shirley Hadley of John L. Scott, got bids and chose a contractor, then made sure the work was done by the time the loan closed. Through EnergySpark, the \$8,276 cost of the work was financed into Shannon’s loan by Sheila Christy at Evergreen Home Loans.

According to the energy audit, she’ll save nearly \$900 a year in heating costs. For Shannon, a dental assistant, every bit of savings helps.

“I tell everybody about this program,” says Shannon. “The money I’m saving in electricity already is really nice.”

Shannon Cariaso, first homebuyer to use EnergySpark