



Entry Form 2017 Annual Awards for Program Excellence

Entry Deadline: Thursday, June 15, 2017, Midnight ET

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email awards@ncsha.org.**

Entry Title: Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

Category:

Subcategory:

Entry Summary: A 15-word (max) summary of the program, project, or practice you are entering.

HFA:

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Phone:

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Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF? Yes No

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Washington State Housing Finance Commission

Sustainable Energy Strategy for Housing Initiatives

To support long-term housing affordability for both renters and homeowners, the Washington State Housing Finance Commission has built a comprehensive strategy across our three major housing divisions that is increasing both cost-effectiveness and energy efficiency for affordable housing projects.

Background

Energy performance is a significant ongoing cost of housing, for homeowners, renters, and multifamily property managers alike. Washington has some of the strongest energy codes in the country, with a legislated trajectory of reducing building-energy consumption 70% below 2006 levels by 2031. Multifamily affordable housing funded by the Low-Income Housing Tax Credit or the Washington State Housing Trust Fund must meet the even higher Evergreen Sustainable Development Standard.

However, these standards only apply to new construction and major renovations. Much of the current building stock features inefficient heating and cooling, inadequate insulation and outdated appliances. As of 2012, the average age of housing units in Washington was 44 years old, which means that the average unit in Washington was built before the first statewide energy code took effect in 1977.

When the state legislature asked us to create a Sustainable Energy Trust to finance energy projects, we began building a structure that could help improve housing affordability by improving energy efficiency.

Multifamily Housing and Community Facilities

Sustainable Energy Trust Loans and Bonds— Retrofits

In 2011, the Commission established the Sustainable Energy Trust (SET) revolving loan fund with \$7 million from our Program Investment Fund. Since then, we have issued nearly \$6.7 million in low-interest loans and bonds to retrofit eight multifamily housing and nonprofit facilities. Three additional multifamily retrofit loans totaling \$1.4 million are under development. All projects are required to achieve at least 10 percent utility savings, and several have achieved 40-50 percent utility savings—especially in water usage, which is often a property owner's largest expense. Where possible, the term of SET loans is aligned with project payback, so owners see an immediate positive cash flow.

For SET projects in Seattle, the Commission has developed a robust relationship with the Emerald Cities Collaborative, which provides project scoping, contract management and technical support to affordable housing providers. One project assisted by this partnership, a retrofit of apartments for formerly homeless individuals, reduced water consumption by over 40% and was honored with the Seattle 2030 District's 2016 Visionary Award for Water.

In 2015, the Commission established an agreement with Seattle City Light to allow collection of SET loan payments through the property owner's utility bill. On-bill repayment allows property owners to track their energy and financial savings together and repay the loan as an operational expense, which is especially attractive for affordable housing providers who pay utilities on behalf of their tenants. The Commission is currently engaged with other nonprofit lenders to expand on-bill repayment arrangements with other utilities around the state.

Points for Energy Consumption Modeling

Higher energy efficiency in a building not only means lower operational costs in general, it can also mean increased cash flow in the form of appropriate tenant rents. When utility costs are lower because the building is more efficient, the tenant needs less of an allowance for this expense, and more rent can contribute to the project's long-term viability. For this reason, educating property managers about the benefits of more accurate utility estimates has become a key part of the Commission's strategy.

The simplest way of calculating utility allowances is to use the local public housing authority estimate. However, these estimates are often too high because housing-authority portfolios include older properties that may be less energy-efficient.

Energy Consumption Modeling not only yields more accurate utility allowances, it also leads to greater built-in efficiency when incorporated in the design phase of new projects. To encourage the latter, starting in 2016, the Commission added 2 points in the 9% LIHTC scoring rubric for projects that commit to using Energy Consumption Modeling (or actual usage) for calculating tenant utility allowances. In 2017, the Commission also added these points to the scoring of 4% LIHTC projects. A total of 27 9% projects (more than half of the total over two years) and five 4% projects have claimed these points.

Asset Management

Utility Allowances for Existing Buildings

Affordable housing that is already placed in service can also benefit from using project-specific utility allowances. In December 2015, the Commission revised our tax-credit compliance manual to simplify the process for using alternate methods for calculating utility allowances. To encourage property owners to take advantage of these methods, the Commission reached out to property owners through webinars, our e-newsletter, and a Housing Washington 2016 conference presentation. As of May 2017, 23 properties have adopted utility allowances based on actual usage and 24 based on Energy Consumption Modeling, for a total of 47 making the change since the Commission updated the policy.

Many property owners see reductions in utility allowances of 20 to 30 percent, with a few properties reducing utility allowances up to 60 percent compared to the public housing authority calculations. While adjusting utility allowances is administrative in nature, it engages property managers in energy discussions, and sets the stage for the property to see even further reductions if energy efficiency retrofits are implemented (such as those financed by the Sustainable Energy Trust).

Utility Discount Program

Like many cities, Seattle offers a utility rate discount program for low-income residents, which can reduce their utility bills by up to 50 percent. But despite the city's efforts to reach and enroll residents, the program was undersubscribed.

In 2015, thanks to a partnership between the Commission, Seattle City Light and the State Department of Commerce, more than 4,500 households were automatically enrolled in this program through a data-sharing agreement. By providing the addresses of affordable apartments that have been financed by the Commission and other public funders—and which are therefore already occupied by income-qualified residents—we saved City Light the administrative effort of both conducting outreach and verifying

eligibility. Meanwhile, the average savings for residents enrolled in the Utility Discount Program is more than \$800 per year—lowering the costs of housing for more than 3,500 Seattle households.

This Commission is currently in discussion with Snohomish PUD about adopting a similar data-sharing agreement for their Low-Income Rate Discount.

Homeownership

Energy performance is rarely a top priority for homebuyers in making the decision to purchase a home, but utility bills can be a hidden factor in long-term affordability. According to a 2013 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. Further, the best time to complete energy efficiency improvements is before a family has moved into a home.

Sustainable Energy Trust – Single Family New Construction

The Sustainable Energy Trust finances the construction of new highly efficient single-family homes, with the aim of making sustainable building more affordable and accessible for moderate- to low-income homeowners. Since 2012, the Commission has issued eight loans to two developers totaling \$6.2 million to finance 57 new homes, with 20 more under construction. Although Sustainable Energy Trust loans require new homes to exceed state energy code requirements by 15 percent, all the units financed by these loans were 20-30 percent more efficient than code. Interest rates for the loans are tied to both the efficiency of the homes and the final sales price, to provide an incentive for developers to sell the homes at more affordable prices.

Energy Spark Home Loan

The Commission launched the Energy Spark Home Loan in 2015 as a joint initiative between our Homeownership and Multifamily Housing & Community Facilities divisions. Energy Spark encourages homebuyers to either purchase a new efficient home (one exceeding the state energy code by 15%) or make energy-efficiency improvements to an existing home (reducing its energy consumption by at least 10%). Participants receive one-quarter point off their mortgage interest rate, and are still eligible for the Commission's downpayment assistance. They can also finance the costs of energy improvements to an existing home into their mortgage.

To date, 14 homebuyers have participated in the program. Energy Spark helps households take control of the energy performance of their home, while sending a market signal to mortgage lenders about the value of energy efficiency.

Summary

In 2016, the Commission's Sustainable Energy Program achieved its goals of becoming a truly comprehensive, agency-wide strategy for increasing housing affordability through energy efficiency. The program continues to also finance energy projects that are not housing related—recent examples include a solar panels on a small nonprofit and a biodigester to turn poultry-farming byproducts into energy. However, through our focus on multifamily and single-family housing, we are fully deploying our funds, policies, and partnerships to bring about smart energy decisions and long-term affordability.

Visual aids attached



Seeking to build green, retrofit a building, or create renewable energy?

We can **reduce interest rates and provide access to capital** for:

- ✓ New green construction
- ✓ Improving the performance of existing buildings—to save money over time
- ✓ Renewable energy projects

Contact:

Juliana Williams
206.254.5359

juliana.williams@wshfc.org

Above: More than 1,000 homes in Kittitas County are now wind-powered, thanks to five wind turbines built with the help of financing from the Commission.

The Washington State Housing Finance Commission is a publicly accountable, self-supporting team, dedicated to increasing housing access and affordability, and to expanding the availability of quality community services for the people of Washington.

The commission, which receives no regular state funding for its operations, works with lenders, investors, developers, nonprofit organizations, first-time homebuyers, beginning farmers and ranchers and energy developers to bring private investment dollars to benefit families and achieve public goals in Washington.



WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Opening doors to a better life

1100 Second Ave.
Suite 2700
Seattle, WA
98104-1046

206.254.5359
juliana.williams@wshfc.org
www.wshfc.org/energy



Low-interest financing for energy projects

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WASHINGTON STATE
**HOUSING FINANCE
COMMISSION**

Opening doors to a better life

Low-Interest Financing for Energy Efficiency & Clean Energy

**Save energy, save money.
We can help.**

The Sustainable Energy Trust offers loans of up to **\$1 million** at favorable interest rates for a wide range of energy-related projects.



HIGH-EFFICIENCY NEW CONSTRUCTION

- New construction of single-family homes that exceed the Washington State Energy Code by at least 15%
- For: Housing developers (we cannot finance individuals seeking to build their own home)



*The Commission has financed the construction of more than 50 high-efficiency homes, including these built by **Green Canopy Homes** in Seattle.*

ENERGY RETROFITS

- Energy and water efficiency upgrades that reduce utility consumption by at least 10%
- For: Owners of existing multifamily housing and nonprofit facilities
- Immediate utility savings typically outweigh loan payments
- Where available, loans may be repaid through the utility bill, keeping the loan as an operational expense



CLEAN ENERGY

- Wind, solar (including community solar models, biodigesters, biomass and combined heat and power projects)
- For: Developers and property owners (single-family homeowners ineligible)



***Plymouth Housing Group** used SET loans to finance energy and water efficiency upgrades at multiple buildings, include the **Simon Colwell Apartments** (above) and the **St. Charles Apartments** (left). The latter reduced water use by 43% and energy use by 20%—and repaid the loan on its Seattle City Light bill.*



Opening doors to a better life

Don't see a fit? Ask us!

If your energy-related project doesn't seem to fit these categories, or if you have any questions, give us a call! We can help you identify options and resources.

Contact:
Juliana Williams
206.254.5359
juliana.williams@wshfc.org

www.wshfc.org/energy

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

Introducing
ENERGY SPARK
HOME LOAN



Homebuyers *save* 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 percent on their interest rate.**

Plus, they still qualify for our **downpayment assistance!**

2. The utility bill:

Utilities are among the hidden costs of homeownership. The more efficient the house, the more money saved.

Learn more!

wshfc.org/EnergySpark

ENERGY SPARK

HOME LOAN

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!

wshfc.org/EnergySpark



WASHINGTON STATE
HOUSING FINANCE
COMMISSION



4,500 Seattleites Will Get Half Off Their Utilities Starting Next Month

Data sharing vs. Red Tape

By Casey Jaywork Mon., Aug 10 2015 at 03:13PM

Last week, Mayor Ed Murray's office announced that through data-sharing, about 5,000 households will be auto-enrolled in the city's Utilities Discount Program (UDP) starting September 1.

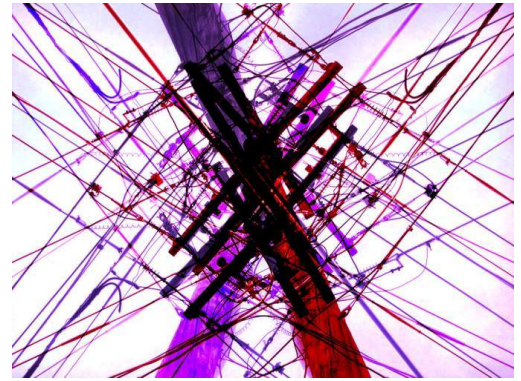
(As of today, that number is 4,506, but it could rise by the end of the month.) Using data from the WA State Housing Finance Commission, City Light was able to identify customers whose incomes meet the UDP enrollment requirements.

In June, [we reported](#) on how an abundance of red tape has stymied enrollment in the UDP, which cuts utilities bills in half for poor households. The new data-sharing partnership between City Light and the Commission is a partial solution to that problem.

“There’s a universe of units in the City Light area that have all kinds of public funding involved with them,” says Valeri Pate, Director of Compliance for the Commission. “Because we have the data, we figured out a way to share the universe of units that could be eligible for the program. So instead of City Light having to find people who are qualified, we can tell them the addresses that are participating in our programs. We can tell them which ones have rent restrictions and income restrictions that match.”

It’s another instance of [bureaucratic piggybacking](#) that allows welfare programs to work smarter instead of harder. The Commission is in the business of dispersing government financing---loans and tax credits---to pay for the development of housing. In return, the developers promise to rent a certain number of units at a discounted rate, for 30 or 40 years, based on Area Median Income (AMI) to tenants making 80 percent of AMI or less. To put this another way: both admission to the program for tenants, and monthly rents for units, are based on AMI. You can see a table showing guidelines for both [here](#). The landlord or property owner has to verify tenants’ income, and the Commission does audits to ensure that the verification process is running smoothly.

As a consequence of all this, the Commission has a treasure trove of data on low-income-verified households---exactly the kind of data that the city needs in order to enroll them in UDP. By sharing the addresses of low-income-verified households within City Light’s service area, the Commission allowed City Light to find households that were eligible for UDP but not enrolled.



4 Comments

 Recommend

 Share

Washington State Housing Finance Commission
Special Achievement
Entry: Sustainable Energy Strategy



Staff of Plymouth Housing Group, the Housing Finance Commission, Emerald Cities Seattle, MacDonald Miller, and other partners were honored with Seattle 2030 District's 2016 Visionary Award for Water for the energy retrofit of the St. Charles Apartments.