

# NCSHA 2015 Annual Awards Entry Form

(Complete one form for each entry)

**Deadline: Wednesday, June 10, 2015**

Visit [ncsha.org/awards](http://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 Matt Cunningham at [mcunningham@ncsha.org](mailto:mcunningham@ncsha.org) or 202-624-5424.

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.**

<b>Communications</b>	<b>Homeownership</b>	<b>Legislative Advocacy</b>	<b>Management Innovation</b>
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
<b>Rental Housing</b>	<b>Special Needs Housing</b>	<b>Special Achievement</b>	<b>Are you providing visual aids?</b>
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

## **Green Homes Partnership: Energy-Efficient and Affordable Residential Development**

Accepting the challenge of the state legislature to support energy efficiency without using state funds, the Washington State Housing Finance Commission created a “green bank”—the Sustainable Energy Trust—for pilot projects that explore finance and business models to promote energy efficiency in single-family homes, multifamily buildings, and community facilities.

We have since partnered with a private residential developer called Green Canopy Homes to finance 16 new or substantially rehabilitated homes in the Seattle area that are both affordable and highly energy-efficient.

### **Energy: Hidden Costs of Homeownership**

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. According to a study by the Center for Community Capital at the University of North Carolina at Chapel Hill, owners of energy-efficient homes are a third less likely to default on their mortgages. Nevertheless, lenders do not perceive a premium in energy-efficient homes.

Meanwhile, residential buildings account for 22% of carbon dioxide emissions nationwide. In Washington state, the built environment accounts for 31% of energy consumption and 26% of energy costs in the state—and everywhere, the demand for energy keeps increasing. Improving efficiency alone offers a vast potential for curbing or neutralizing energy demand.

Unfortunately, very few new homes in Washington 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. A typical home-improvement loan is both a large investment of time and money for the homeowner, as well as a low-margin product for the lender. The homeowner is taking on new debt (and usually a large inconvenience) for improvements—a new kitchen or bathroom is often more desired and more easily valued by traditional appraisals than are energy improvements, even if they save money in the long run.

The Commission is changing these perceptions by partnering with like-minded builders and real-estate agents to both create affordable green homes, and to prove that green can be a competitive element in profitably selling all homes. We are not alone, of course: the National Association of Home Builders recently reported that “growth is expected to continue; 24-27% of new homes this year will be green, and 26-33% by 2016.” But one of the Commission’s goals is not just new home development but retrofitting the built stock. Our goal is to help reach that tipping point of energy-efficient sustainability, even if it takes one house at a time.

### **Legislative Mandate**

A new charge by the state legislature in 2009 empowered the Commission to address this issue by asking us to create a program to finance energy efficiency and renewable energy without the use of state funds or credit. The Commission seized on this mandate. We undertook several studies, invested

\$3 million of our program revenue to create the Sustainable Energy Trust, and hired a full-time staff person with energy expertise to coordinate the program.

### **Green Canopy Homes Partnership**

While building the Commission's energy strategy, Commission staff connected with Green Canopy Homes. This Seattle-based, for-profit developer is guided by the mission of "inspiring resource efficiency in residential markets."

Green Canopy Homes has completed the brand-new construction or substantial rehabilitation of 68 homes in Seattle (with another 40 under development). Each home is built for maximum cost-effective energy efficiency: A Green Canopy Home consumes, on average, 15,000 kilowatt hours of energy each year, compared to the Seattle average of 28,000 kWh. These results are achieved through methods such as high-performance insulation techniques, rigorous caulk and air sealing (combined with advanced ventilation systems for fresh air), Energy Star window packages, WaterSense fixtures and dual flush toilets, and ductless, mini-split heat pumps. Each home is guaranteed to meet or exceed its estimated efficiency targets, or the company will pay the cost difference for up to three years.

These building standards are applied not just to new construction. Green Canopy's mission also includes improving the existing housing stock. The company had already identified the point of sale as the ideal time to make deep efficiency improvements. Using a buy-fix-resell model, the company takes advantage of total site control to substantially rehabilitate homes to at least 30-50% reductions in energy usage.

### **A New Model**

The Commission saw that the overlap in missions, and the scalability of the Green Canopy Homes business model, made partnership a natural. Working collaboratively with the company, Commission staff developed a model of short-term, below-market construction loans specifically for affordable homes, to be repaid in a lump sum when the home/homes are sold.

This model reduces the pressure on margins that a builder faces when selling to lower- and middle-market buyers. Green Canopy Homes is now able to profitably complete projects that bring efficient homes to buyers who most benefit from lower utility bills—bringing the economic, environmental, and health benefits of sustainable housing to the low- and moderate-income homeowner.

### **The Triplets**

The Commission's first project with Green Canopy Homes targeted three dilapidated homes in West Seattle. Side by side in a modest neighborhood, the three had been long neglected and were ripe to be torn down and replaced with townhouses or "McMansions" that would fill every corner of the lots.

Instead, using \$720,000 borrowed from the Sustainable Energy Trust at 2% interest, Green Canopy Homes bought all three and transformed them into highly energy-efficient and modern homes.

Called "the Triplets," the homes when completed had added about 50% more living space. They are expected to use 25 to 50% less energy than before, as determined by a pre- and post-work energy audit. The three-bedroom, two-bath homes range from 1,300 to 1,600 square feet, on lots of 7,440 square feet. One home was entirely rebuilt, and the other two, although they use the original structures, are essentially new homes.

The homes were priced within reach of homebuyers of moderate income and sold quickly. One was purchased with the help of the Commission's home-loan program, Home Advantage, by a young couple who could not have purchased a home without assistance.

"This project was possible because of the Commission's flexibility and willingness to explore ideas with us," say Aaron Fairchild, CEO of Green Canopy Homes. "We went from conversation to speculation to implementation in less than a year."

### **More New Affordable Construction:**

**Maritime Lofts:** The second collaboration between the Commission and Green Canopy Homes was the new construction of four affordable row houses in Ballard, one of the city's most desirable—and least affordable—neighborhoods. The Maritime Lofts (named for a key local industry) achieved 30% less energy than comparable row houses (independently verified) and were all sold at moderate prices before construction was completed.

**Beacon Hill Homes:** The Commission and Green Canopy also partnered to rehab an older home and add two townhome units on a large lot in an ethnically diverse city neighborhood. The rehab is targeted to receive 30% energy savings beyond baseline and the new homes will target 20% above code. Dubbed the "Spice Girls" (Rosemary, Sage, and Thyme), the three were sold in 2014.

**Earth 6:** In June 2015, the Commission's latest project with Green Canopy went on the market. These six townhome-style but detached homes sit on one large lot in one of West Seattle's lower-income neighborhoods. Each is three stories, with three bedrooms and three baths. While the typical Seattle house of that size uses 28,000 kilowatt hours of power each year, each of these will use just 12,000.

### **Next Steps**

Green Canopy Homes has enthusiastically embraced the challenge of building and/or rehabilitating homes for those who are eligible for the Commission's homeownership assistance programs.

**Spreading the word:** The company's commitment to its mission has led to a willingness to share information and help other builders follow their lead. The Commission anticipates working with more contractors on similar projects as the word spreads that energy-efficient homes can be sold profitably to all homebuyers, and not just as a luxury product for the affluent.

**Educating the marketplace:** The Commission and Green Canopy are also partners in efforts to educate homebuyers and real estate agents on the value of energy-efficient homes. The company's Green Genius referral network and education program, sponsored by the Commission and others, has instructed hundreds of brokers in the Seattle area to become experts in the green market.

**A new mortgage product:** Finally, this partnership has inspired the Commission to launch a new mortgage product that rewards homebuyers who purchase an energy-efficient home or make substantial improvements to an existing home. The EnergySpark program launched in late June 2015.

The current story of our partnership with Green Canopy Homes is of neighborhoods preserved and working families gaining access to more efficient homes. The future is one in which the efficient house that seems exceptional today has become the standard for all.

*The Triplets—three homes rebuilt by Green Canopy Homes with support from the Housing Finance Commission.*



*Earth 6, sold in 2015, is a development of six three-story, detached homes in West Seattle.*



*The Maritime Lofts are four affordable “row houses” located in the desirable and expensive Ballard neighborhood.*

