

## **Executive Summary: Greener Homes Program** **2011 NCSHA Annual Awards for Program Excellence**

### **The Big Picture**

Older inventory of affordable assisted rental housing in New Hampshire faces the dual threat of rising energy costs and the expiration of affordability restrictions. Thirty-year-old rental housing is, in many instances, characterized by outmoded energy technology, which compounds the impact of rapidly increasing energy costs. Consequently, the aging portfolio of multifamily housing stock in the Granite State is at high risk, threatening the housing stability of thousands of New Hampshire seniors and families. Simultaneously, many of these same properties face the expiration of affordability restrictions, adding to the economic instability facing low- and very low-income residents.

The Greener Homes Program was initiated to address energy efficiency upgrades necessary to preserve older, at risk housing and to extend long-term affordability commitments for beneficiary properties. The Greener Homes Program, as created by New Hampshire Housing Finance Authority, establishes a partnership of funders to achieve the greatest possible synergy of energy improvement resources. Employing New Hampshire Housing subsidy funds as the foundation, the program knits together funding from the Regional Greenhouse Gas Initiative (RGGI) as well as one of the few commitments nationally of federal Weatherization Assistance Program funds targeted directly at multifamily properties. On the beneficiary side, the program also provides for partnership between project owners and funders intended to target critical resources to high need properties.

A key component of the program is the ability for project owners to elect to extend affordability restrictions in exchange for deferred loan commitments when the Greener Homes Program is used to fund energy improvements. In most cases, projects must commit to a minimum of an additional 20 years of affordability restrictions in return for Greener Homes funding.

In summary, the Greener Homes Program is intended to accomplish 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 currently supported by a \$2 million grant, provided by the New Hampshire Public Utility Commission's Regional Greenhouse Gas Initiative, along with \$3 million in matching funds from New Hampshire Housing, and \$3 million in weatherization funds that were committed by the state's Office of Energy and Planning. In total, the Greener Home Program's initial commitment totals \$8 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 has 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 1,100 units in 37 projects in less than six months. Given real experience with the cost per unit of making energy improvements, program staff members are optimistic they will greatly exceed original program projections. All participating projects are committing to minimum 20 year affordability restrictions.

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 the affordable housing community, the Greener Homes Program has provided a coordinated, synchronized mechanism for channeling scarce subsidy dollars into high need multifamily housing.

### **Program Benefits**

The Greener Homes Programs will provide a wide range of benefits:

- Energy modernization of more than 1,200 units of affordable rental housing serving lower income households
- Extension of affordability restrictions to a minimum of 20 years, thereby avoiding the potential loss of units from the affordable inventory
- Reduction in electric and fuel costs by 15 to 20% in Greener Homes Program funded properties.
- 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 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 (pilot phase) by committing funds for an extensive energy retrofit project that assisted a local nonprofit, Families In Transition (FIT), with lowering operating costs for its Bicentennial Square property, located in Concord, NH.

Since 2004, Bicentennial Square has served individuals and families at risk for becoming homeless. Over the years, utility rates have increased dramatically, putting a significant

strain on FIT's operating budget – so much so that the nonprofit needed to do additional fundraising to pay increased 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. (Please see attached pictures.) Prior to the completion of these scheduled energy retrofits, New Hampshire

Housing estimated a resulting decrease of more than \$35,000 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**

Greener Homes is replicable for any state housing finance authority. While not all states have access to RGGI funding resources, 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 effort at securing federal Department of Energy weatherization funds helps other states seeking to form similar partnerships since a case study for overcoming programmatic resistance to supporting multifamily energy weatherization needs has been established. The model established by New Hampshire's Greener Homes Program should serve as a guide for how weatherization funds may be successfully employed.

The single most important aspect of the program – the coordination of disparate funding resources to provide a focused energy and preservation initiative – is an important element of the overall program design and it is worthy of replication in other states and jurisdictions.

### **Why is this Program Meritorious?**

Overall, the Greener Homes Program is responsible for preserving 1,200 units of affordable housing that might otherwise have been lost – that's 1,200 families and individuals in New Hampshire whose lives have been changed for the better by the program.

Significant energy savings for both affordable housing providers and residents have been achieved through the Greener Homes Program. Subsequently, property management companies and nonprofits managing housing are able to keep operating costs low and, in turn, keep rents lower to serve housing finance authority targeted populations. Further, residents benefit from lower energy costs if they are paying utilities and, in all cases, they gain a more comfortable living environment. Energy improvements have also helped cut harmful carbon emissions, which is good for people and for the planet.

In addition, the program brought together funding sources and business partners that have never worked together before. These unique partnerships have enhanced efficient use of scarce funding resources and opened up opportunities for future collaborative efforts.

Finally, the Greener Homes Program can be replicated by any housing finance authority in the country – any state can use this model to preserve its affordable housing stock and the environment!

### **The Way of the Future ....**

Solar panels were installed at Families In Transition's Bicentennial Square property in Concord, NH. Energy improvements made to the building through the Greener Homes Program yielded an estimated savings of \$35,000 in operating costs per year for the nonprofit, which serves families and individuals at risk of becoming homeless.



From left: William Murray, Denron; Dean Christon, executive director, New Hampshire Housing; Maureen Beauregard, president, Families In Transition, and William Caselden co-principal, Great Bridge Properties Inc.