

GUIDING PRINCIPLES FOR GREEN AFFORDABLE HOUSING



Oregon and the city of Portland are facing an unprecedented housing crisis. Rising costs, stagnant wages and a housing shortage have created a devastating combination that in Portland alone has created a 33,000 unit deficit. However unique Oregon's housing needs are, elected officials, developers, and housing stakeholders can be better equipped to address them by adhering to a set of proven green affordable housing principles prioritizing accountability, education, public participation, affordability and total value and building standards and rewards.

Green buildings consider their environment, resources and energy consumed, and quality of life and health effects on building occupants, all while sensibly considering cost-effectiveness from a full financial cost-return perspective. Above all, green building tenets propagate energy efficient, cost-effective environments, challenging perpetual barriers to affordability, and must be prioritized in future low-income housing developments.

ENSURE ACCOUNTABILITY THROUGHOUT THE BUILDING PROCESS AND BEYOND:

Transparent third-party verification systems provide assurances to taxpayers their money is being well spent on buildings that save energy, water and money. A synchronized process integrating designers, contractors and building managers affirms the integrity of green building commitments, assuring accountability and protecting public investments.

Benchmarking and disclosure policies to measure building performance are central to uncovering inefficiencies and pinpointing low and no-cost energy savings. Low-income households spend a disproportionate amount of their annual income on energy costs; 13.3% compared to 3.3% for non-low-income households. Institutionalizing tools to keep utility costs in-check provides needed surety.

PROVIDE EDUCATION TO PROMOTE ENVIRONMENTAL STEWARDSHIP:

Green tenant education is a proven means of minimizing utility costs and reducing energy consumption. Building occupants directly and indirectly account for a significant portion of energy use; educating tenants on behavioral change strategies, energy efficient appliances and lighting, and operations and maintenance practices are integral to effective energy management programs and maintaining affordability.

ENCOURAGE PUBLIC PARTICIPATION IN THE PLANNING PROCESS:

Across the country, developers and elected officials are working to engage the public to make a visible difference in communities. This bottom-up strategy empowers citizens to drive positive change and enables planning agencies to make better decisions reflecting the community's needs. Additionally, incorporating meaningful public participation leads to better decisions having public support and creates a sense of shared responsibility.

FOCUS ON AFFORDABILITY AND TOTAL VALUE:

Lifecycle cost analyses focused on affordability and total value to occupants and taxpayers lead to informed decisions that are cost-effective over the long term. Upfront costs for materials and labor are easily comprehensible but incomplete. Maintenance, energy use, and material and operating system replacement can add significant costs, become a barrier to housing affordability and needlessly drain public and household resources.

Additionally, quality affordable housing should project the values of a community. For example,

incorporating communal green space such as parks, gardens, corridors, and roofs adds value to both building occupants and the greater public. Moreover, as our built environment unequivocally impacts human health, green building practices utilizing materials and smart design known to decrease rates of asthma and obesity should absolutely be prioritized in affordable housing developments.

DEVELOP GREEN BUILDING STANDARDS AND REWARDS FOR DEVELOPERS:

High performing, sustainable and resilient buildings best utilize taxpayer investments and serve low-income families. Lower-income households use 28% more energy per square foot than higher income households. Updating and codifying building practices to help realize our shared vision of making green, affordable housing attainable must be made a priority. So to should incentivizing and rewarding developers who partner in this worthy undertaking.

GREEN FOR ALL: HEALTHY AND EFFICIENT AFFORDABLE HOUSING



Providing efficient and safe housing to all communities, particularly to vulnerable populations is an utmost priority. Lawmakers can effectively create affordable homes with targeted efficiency policies and programs. Efficient and healthy affordable homes save residents money and enhances their quality of life through improved human health, greater disposable income, and an overall safer living environment.

WHY GREEN AFFORDABLE HOUSING MATTERS

Energy and water consumption places a disproportionate burden on the pocketbooks of low-income residents. On average, households that earn \$50,000 or more spend just 3% of their income on residential energy expenditures while households that earn \$10,000 or less spend 33% of their income on energy expenses.ⁱ Older homes tend to have inefficient heating and cooling systems, inadequate insulation, and inferior ventilation systems.ⁱⁱ

A study of energy efficient green certified apartments in Virginia found that residents saved an average of \$54 a month, or \$648 annually, on their electricity bills, representing up to 3% of income. In aggregate, these financial benefits are significant to state and local housing agencies. Upgrading existing, or building new affordable housing with healthy and efficient features can provide significant financial benefits, with evidence that states could save from 15% to 26% in energy usage by implementing all cost-effective efficiency measures in the entire multifamily housing stock in the next twenty years.ⁱⁱⁱ



[Make It Right](#) LEED Certified Homes in New Orleans

Credit: James Ewing

POLICY STRATEGIES FOR HEALTHY AND EFFICIENT AFFORDABLE HOUSING

Government at all levels can adopt a range of policies and programs to encourage healthy and efficient affordable housing developments. Policymakers may wish to incorporate one or more of the following opportunities in their green and healthy affordable housing policies and programs:

- **Qualified Allocation Plans.** Usually administered by state housing finance agencies, QAPs can allocate greater housing credits to projects that incorporate certification to credible third party green building criteria. QAPs are the primary vehicle for states to distribute Low-Income Housing Tax Credit (LIHTC) funds.^{iv}
- **Loans and Grants.** Governments can condition funds on green certification of the project, or make the award of funds on a competitive basis to encourage green affordable housing projects.
- **Density and Height Bonuses.** Local governments can establish minimum standards for energy efficiency or green building certification in exchange for bonuses for development density.
- **Clean Power Plan State Compliance Plans.** States can obtain credit for achieving measured and verified electricity savings in low-income housing, including double credit for efficiency in 2018 and 2019. By including this in a state compliance plan, states can potentially help create funding streams for efficiency in affordable housing retrofits and new construction.^v
- **Local Permit Fee Waivers.** Local governments may waive development fees, such as fees for permits, construction, inspection, and others, for affordable housing projects meeting specified efficiency or green certification conditions.
- **Utility Programs.** State legislators can use various levers to push utilities to provide or fund efficiency services targeting affordable housing.^{vi}
- **Technical Assistance.** Governments can educate owners of affordable housing complexes and their tenants about cost-savings gained from energy efficient homes through training programs.

EXAMPLES OF SUCCESSFUL HEALTHY AND EFFICIENT AFFORDABLE HOUSING PROGRAMS

➤ Buffalo, New York - Sharing efficiency savings

Through a partnership with Homefront, a non-profit developer, the city provides superior apartments at below-market rents and gives tenants a role in the organization and promoting tenant savings. The innovative savings built into the tenant rental agreement has enabled several residents to save substantial sums during their tenancy by providing a rebate to renters who participate in [People United for Sustainable Housing](#) (PUSH) and who are current in their rent. As a result, PUSH has reduced turnover and vacancy to near zero over a three-year period.

➤ North Miami, Florida - Funding green upgrades

In 2011, the City adopted its [Green Housing Rehabilitation Guidelines](#), the first in the State of Florida. The guidelines require that 100% of Federal Community Development Block Grant and Homeownership Opportunities Program funds, as well as Florida's State Housing Initiatives Program funds, must be used for rehabilitation, redevelopment, and construction projects that contribute to the greening of the city. Specifically, the guidelines require that all funds spent in these programs be used in a sustainable manner to promote energy efficiency.

➤ Denver, Colorado - Location-efficient mortgages

The Colorado Housing Finance Agency ([CHFA](#)) and seven metro Denver cities collaborated on an initiative to provide affordable housing near transit stations, called "location-efficient mortgages." It provides special financing benefits for qualified projects to promote low and moderate-income rental housing near Regional Transportation District (RTD) transit stations along the 150-mile rail network known as "FasTracks" in the Denver metro area. The development must create more than 50 units of affordable housing and be within 1,500 feet of a planned or existing transit station to be eligible for the assistance. This is one of the few initiatives targeted at reducing vehicle miles traveled, which improves health through lower car emissions.

➤ The State of Tennessee - Education for efficiency

The Tennessee Department of Environment and Conservation's Office of Energy Programs launched the Tennessee Energy Education Initiative ([TEEI](#)) with [Pathway Lending](#) and other energy resource providers across the state. TEEI launched an online resource center

with a section specifically devoted to energy efficiency in multifamily buildings. In the city of Nashville, TEEI held the Untapped Opportunities for Energy Efficiency in Multifamily Housing Workshop in 2013. At the workshop, technical experts spoke with multifamily builders, developers, property owners, and facility managers in order to address solutions to issues they faced when working on energy efficiency retrofits in multifamily buildings.

USGBC CAN HELP

USGBC is committed to green buildings for all. We can help state and local legislators and officials develop approaches to fit your circumstances, as well as garner support from advocates and the business community for green policies. Contact us at publicpolicies@usgbc.org.



King Street Housing, Burlington, VT

ⁱ National Housing Trust. (2015). *Partnering for Success: An Action Guide for Advancing Utility Energy Efficiency Funding for Multifamily Rental Housing*. Retrieved from <http://www.nhtinc.org/downloads/partnering-for-success-action-guide.pdf>.

ⁱⁱ Optimal Energy. (2015). *Potential for Energy Savings in Affordable Multifamily Housing*. Retrieved from http://www.elevateenergy.org/prod/httpdocs/wp/wp-content/uploads/EEFAPotentialStudy_2.pdf.

ⁱⁱⁱ Virginia Center for Housing Research at Virginia Tech. (2015). *The Impact of Energy Efficient Design and Construction on LIHTC Housing in Virginia*. Retrieved from <http://www.vchr.vt.edu/wp-content/uploads/2015/02/Housing-VA-LIHTC-Study-Full-Report.pdf>.

^{iv} Global Green USA. (2013). *Green Building Criteria in Low-Income Housing Tax Credit Programs*. Retrieved from http://static1.squarespace.com/static/5548ed90e4b0b0a763d0e704/v/55520ec5e4b0b1995caa0f9c/1431441093899/2013QAP_FINAL.pdf

^v Energy Efficiency for All, et. al. (2015). *Clean Power Plan Opportunities for Energy Efficiency in Affordable Housing*. Retrieved from <http://energyefficiencyforall.org/sites/default/files/CPBrief.pdf>

^{vi} Ibid.