



November 12, 2009

Enterprise is a leading provider of the expertise and development capital for building decent, affordable homes and revitalizing poor communities. We work with public and private partners — from the grass roots to the national level — to provide innovative solutions for communities and create opportunities for low-income Americans to move up and out of poverty. Enterprise, in aggregate, is currently investing in communities at a rate of nearly \$1 billion a year. Enterprise’s nearly \$9 billion investment in communities over the past 25 years has produced over 240,000 affordable homes and provided opportunity for those most in need. Our strategic priorities include Green Communities, supportive housing – housing with services for people with special needs – and preservation of decent affordable housing. Over the last five years we have invested over \$650 million to support the production and rehabilitation of over 14,500 affordable homes that meet the Green Communities Criteria which includes meeting or exceeding the Energy Star Homes standard in single-family, townhomes and low-rise developments. We have also trained over 4,000 housing professionals through on-line events and in-person trainings across the country. Using weatherization funds to support the finance of multifamily energy retrofits is an important strategy that will result in wide scale energy savings, creation of green jobs, reduce carbon emissions and provide multiple health and economic benefits to low-income residents and vulnerable communities.

The National Housing Trust engages in preservation policy, affordable housing development and lending. The Trust urges the federal, state and local governments to devote sufficient resources to save existing housing, with a particular emphasis on preserving housing in communities of opportunity. Much of the current policy work concerns “Green Preservation,” involving the energy retrofitting of existing housing, weatherization of existing housing, and saving affordable housing proximate and accessible to mass transit. The Trust has financed and preserved over 20,000 apartments throughout the nation, involving over \$1 billion in financing. NHT/Enterprise, a joint venture with Enterprise Community Partners, owns and operates affordable apartments in eight states and the District of Columbia. The Trust’s CDFI, NHT Community Development Fund, provides low interest loans to nonprofit preservation developers across the U.S.

The American Recovery and Reinvestment Act (ARRA) provided funding for weatherization at a level that is approximately 20 times previous appropriations. This provides an unprecedented opportunity to greatly expand the number of low-income homes weatherized by including multifamily rental housing properties that are already eligible for Weatherization Assistance Program (WAP) assistance but have not been proportionately served by existing allocation channels.

If ARRA WAP funding resulted in WAP grantees reaching more multifamily buildings, including U.S. Housing and Urban Development (HUD)-assisted, Section 515 and Low Income Housing Tax Credit (LIHTC) multifamily housing, it would be a “win-win” for all stakeholders.

- WAP grantees would be better able to reach their much higher production goals;
- Households living in multifamily housing, including in HUD-assisted affordable housing units (who generally have incomes far below the WAP income limit), would have better access to WAP and see their energy burdens reduced;

- Operators of multifamily housing would both receive physical improvements to their buildings and know that their tenants would have a greater ability to pay the rent, as utility bills decline.

However, in order for multifamily weatherization to occur at scale, the U.S. Department of Energy (DOE) must make a significant investment in increasing the capacity of WAP grantees to undertake the weatherization of multifamily buildings. In many states, multifamily weatherization is significantly impeded by grantees' unfamiliarity with technical/building science issues of larger buildings. The vast majority of grantees are only trained to assess and weatherize single family homes. In addition, a lack of transparency about the application process, eligibility, and subgrantee contact information is preventing multifamily owners from participating.

DOE's proposed national Training and Technical Assistance (T&TA) Plan presents a unique opportunity to overcome the technical barriers to multifamily weatherization and develop the expertise to support a national residential energy efficiency retrofit market. Of the \$5 billion in WAP funding provided by ARRA, 20% is available for T&TA, including \$150 million for national T&TA activities.

Given the current gap in multifamily weatherization skills, DOE's proposed T&TA Plan should place greater emphasis on improving multifamily capacity. The requirements and skill sets for multifamily weatherization suggest that significant amounts of T&TA should be devoted to helping states meet this need. Furthermore, the activities outlined in the plan that are related to improving multifamily capacity are not proposed to be completed until the third or fourth quarters of fiscal year 2010¹, despite the fact that DOE's goal is for all Recovery funds to be obligated by the end of fiscal year 2010.² This lack of urgency in developing strategies for increasing multifamily capacity will make it difficult for states to meet their quantitative production goals under ARRA.

Multifamily housing presents a significant opportunity to deploy funds and help low income households through significant energy efficiency savings. Low-income households should not be excluded from the benefits of WAP just because they live in multifamily buildings. In fact, the resources made available by ARRA present a great opportunity to expand the benefits of weatherization to a much wider range of deserving, eligible, and disadvantaged households.

A recently released Energy Foundation report, "U.S. Multifamily Energy Efficiency Potential by 2020," provides the most comprehensive survey of potential energy efficiency savings in the multifamily apartment market conducted to date.³ It provides a clear and compelling case for "scaling up" the energy efficiency retrofit activity for the 26 million apartments located in the U.S., including those that are home to some nine million families below the poverty level and four million elderly households. The report conservatively estimates a cost-effective energy savings potential of approximately 30% in multifamily residential buildings. The report observes that tenants and owners could reap a \$9 billion annual "energy dividend" from cost-effective investment in energy retrofits of multifamily housing in the U.S. This dividend would have a proportionately higher value to low income renters, since they pay roughly 20% of their monthly income for utilities, compared to 4% for the average household.

¹ The plan makes two references to improving multifamily weatherization capacity through technical assistance and training. It recommends: developing a baseline technical content for a comprehensive and scientifically-based national, standardized training curricula that covers single-family, mobile, and multifamily homes; and expanding the functionality of the online audit tool to perform audits for small multifamily units and large multifamily units.

² Weatherization Program Notice 09-1B, pg. 6

³ "U.S. Multifamily Energy Efficiency Potential by 2020". Prepared for the Energy Foundation by the Benningfield Group, Inc., October 19, 2009.

A number of states have chosen to increase multifamily weatherization and the HUD-DOE interagency agreement clearly demonstrates that multifamily weatherization is an important DOE policy goal. Training and technical assistance is needed to support these policy goals. According to National Housing Trust research, at least 17 states have taken programmatic steps to increase multifamily weatherization with recovery dollars, including HUD assisted housing. HUD and DOE have indicated that the weatherization of HUD assisted housing is a significant issue that should be addressed. The HUD-DOE Memorandum of Understanding announced in May states that "DOE and HUD intend to provide a structure for the necessary technical assistance to assure successful execution, including suggested training, subject matter expertise and performance measurement."⁴ *It is not clear how DOE's proposed national T&TA Plan supports the creation of this structure.*

It is clear that many WAP grantees lack experience weatherizing multifamily housing. DOE and state weatherization agencies are hindered from achieving their policy goals because of WAP providers' lack of multifamily experience.

- In Ohio, multifamily owners who have previously attempted to access the weatherization program were stymied because some providers were not trained or equipped to perform assessments on larger-scale multifamily buildings or do not have the technical expertise to assess centralized mechanical systems (such as boiler systems).⁵
- In Pennsylvania, the Pennsylvania Housing Finance Agency (PHFA) is implementing an energy efficiency improvement program in state financed multifamily buildings. Because of a lack of skilled multifamily energy auditors in the state, PHFA had to hire auditors from other states, driving up the costs of each audit. PHFA is now training in-state multifamily energy auditors using a MacArthur Foundation award.

Assist Owners of Multifamily Rental Properties

Older multi-family rental housing – which comprises more than 20 percent of housing units in the United States and is home to many of our nation's low and very low-income residents – are at risk from obsolete systems, deferred maintenance, and general disrepair. These properties confront skyrocketing expenses and can greatly benefit from additional funding available through DOE. This provides an unprecedented opportunity to greatly expand the number of low-income homes weatherized by including multifamily rental housing properties that are already eligible for WAP assistance but have not been proportionately served by existing allocation channels.

Multifamily buildings that qualify for weatherization based on tenant income are chronically underserved. Historically, only 15 percent of WAP funds have been used for energy-related improvements in multifamily buildings and in many instances, states have explicitly restricted eligibility to single family projects.⁶ In 1980, the Commercial and Apartment Conservation Service (CACS) program established utility audit programs for commercial and centrally-heated multifamily buildings at or above 5 stories. Michigan was the only state to submit a CACS implementation plan. By 1986, the program was repealed.⁷

Weatherization of multifamily housing has historically been identified as a unique challenge for energy conservation efforts. The diversity in housing types across multifamily sector, from scattered sites and

⁴ Ohio Capital Corporation for Housing's letter to DOE in response to proposed rule Docket No. EEWAP0515; RIN 1904-AB-97, dated July 2, 2009.

⁵ Ohio Capital Corporation for Housing's letter to DOE in response to proposed rule Docket No. EEWAP0515; RIN 1904-AB-97, dated July 2, 2009.

⁶ U.S. Dept. of Energy, Weatherization Assistance Program, Program Accomplishments (2006).

⁷ Public Law No: 99-412.

low-rise garden apartments to high-rise buildings, adds significant complexity to energy audits and related energy efficiency upgrades. This has added to the technical uncertainty regarding optimal weatherization strategies and how to implement them at a scale that preserves rental housing for those most in need.

Building owners and property managers lack information about potential savings, how to select appropriate efficiency improvements, and the availability of related financial assistance and incentives. This persistent informational gap has exacerbated institutional barriers to multifamily energy improvements and led to poor training and on-site technical assistance.

Increase Capacity of WAP Grantees to Weatherize Multifamily Buildings

This RFP provides an opportunity to jump start training and technical assistance to state agencies overseeing weatherization and their network of providers across the country on how to provide equal access to operators and owners of multifamily rentals to weatherize their buildings. For multifamily weatherization to occur at scale, DOE must make a significant investment in increasing the capacity of WAP grantees to undertake the weatherization of multifamily buildings.

Whole building energy assessments and related energy services have improved dramatically in recent years and several states have proactively targeted multifamily projects in their weatherization plans. Many states, including New York, Oregon, Ohio and Kansas, have led with innovative strategies that support multifamily housing weatherization and green retrofits, resulting in new opportunities for HUD-assisted and LIHTC properties to benefit from these investments.

Effective strategies for improving energy efficiency in multifamily buildings are linked to innovations in the private, non-profit, utility, and governmental sectors. In order for building owners to participate under the current program, they must be informed and receive targeted training on how to access these new and expanded funding opportunities. In addition, they require significant technical assistance from WAP contractors and sub-grantees on diagnostic evaluation tools and cost-effective energy improvements that maximize energy, water and health savings. This additional outreach and technical assistance is critical to identifying a pipeline of projects that can deliver on the aggressive production goals while ensuring that all building owners have the knowledge and resources to succeed.

With this as background, we recommend the following:

- **DOE should work with HUD to develop trainings that highlight states that are already weatherizing significant numbers of multifamily units and draw on their expertise to assist other states to do more.** “Best practices” in weatherizing affordable multifamily housing should be included in any training materials, webinars or conferences. DOE should partner with HUD to develop an appropriate multifamily training protocol that builds off of HUD’s experience greening multifamily housing through programs such as HUD’s Green Retrofit Program funded through ARRA.
- DOE should **promote peer to peer training.** States like Ohio, Oregon, Kansas and New York have decades of experience deploying WAP for multifamily rentals. Less experienced state agencies and WAP providers can learn from how other states and sub grantees with deep capacity and technical expertise. They have created infrastructure, training and programs to retrofit multifamily rental buildings and successfully created and refined building science standards and protocols for audits and energy improvements. Three of these states have designated entities that are approved WAP Training Centers.
- **DOE trainings should address how states and grantees can communicate WAP program availability to multifamily housing owners and residents.**

- **DOE should provide points of contact for multifamily owners/operators** unfamiliar with how to access weatherization or unable to get state or local provider responses would be critical to providing equal access to WAP.
- **DOE should provide guidance on technical/building science issues in weatherizing larger buildings.** If DOE is not yet ready to adopt a national standard and protocol, states with approved standards and protocols should be considered acceptable with DOE approval. These approved standards and protocols should be readily available and accessible to WAP agencies and providers.
- **DOE should provide points of contact to provide immediate technical assistance to states and WAP providers inexperienced with weatherizing multifamily rentals.** This can immediately increase local and state capacity and assistance to the current weatherization delivery system. Accountability from local and state agencies to DOE for timely responses is critical to a more transparent process to increase accessibility by operators and owners of multifamily rentals.
- **DOE should increase capacity of WAP grantees to weatherize multifamily buildings.** This will improve states' abilities to meet their quantitative production goals under ARRA.
- **DOE should plan a more immediate roll out of multifamily training modules and standard multifamily audit protocol than is currently proposed.** States and their WAP providers experienced with weatherizing multifamily buildings are likely to have existing training modules and can provide training and technical assistance most readily and quickly to their peers.

This is an unprecedented opportunity to weatherize homes for a million Americans and to form the foundation for creating green jobs and enable vulnerable communities to benefit from more sustainable and healthy housing while reducing energy and utility bills.

Please contact us if we can be of further assistance to DOE's efforts.



Michael Bodaken
President
National Housing Trust



Dana Bourland
Vice President, Green Initiatives
Enterprise Community Partners