

The State Energy Program & Affordable Multifamily Housing



FACT SHEET: USING SEP FUNDS TO RETROFIT AFFORDABLE MULTIFAMILY HOUSING

July 2010

Multifamily Affordable Housing Energy Efficiency: The Need

Wasteful energy use can pose a significant threat to maintaining affordable rental housing. Energy efficiency upgrades in rental housing are a cost effective approach to lowering operating expenses, maintaining affordability for low income households, reducing carbon emissions, and creating healthier, more comfortable living environments for low income families.

Under the American Recovery and Reinvestment Act of 2009 (ARRA), states received \$3.1 billion in funding for energy projects through the U.S. Department of Energy's State Energy Program (SEP). Types of activities eligible for SEP funding include energy audits, building retrofits, education and training efforts, as well as new financing mechanisms to promote energy efficiency and renewable energy. The SEP program allows flexibility in how these funds are structured, allowing states to create either grant or low interest loan programs.

Some states are now using these funds to make green, cost-saving retrofits to existing affordable multifamily properties. The following examples illustrate how some states are using these funds:

California: Using SEP funding, California is leveraging private investment to create an energy efficiency retrofit program called the **Affordable Multifamily Retrofit Initiative**. The initiative will provide loans and technical support to projects in the Bay Area. The initiative is a partnership of the San Francisco Mayor's Office of Housing, Enterprise Community Partners, and the Low Income Investment Fund. Loans will finance energy and water efficiency improvements to existing, older affordable multifamily housing developments and be repaid through savings on utility expenses. Loans will revolve back into the initiative loan fund to fund additional projects. The initiative is projected to serve 1,300 apartments in the Bay Area, reducing energy and water consumption by at least 25 percent.

Maryland: The Maryland Department of Housing and Community Development has used SEP funding to launch the **Multifamily Energy Efficiency and Housing Affordability Program (MEEHA)**, which promotes energy efficiency and affordability in the state's multifamily rental housing developments. The program will use SEP funds to provide grants for energy audits, energy efficiency retrofits, and renewable energy improvements. Eligible activities include: HVAC systems, insulation, windows, draft stopping and duct sealing, Energy Star appliances and fixtures, as well as renewable energy generation and water heating equipment.

In addition to State Energy Program funding, ARRA included more than \$3 billion for the Energy Efficiency and Conservation Block Grant Program (EECBG). The State of Maryland will receive \$20 million in EECBG funds to support the Maryland Department of Housing and Community Development's (DHCD) plan: "**Investment in Main Street: Energy Efficiency for Economic Growth.**" This strategy is a holistic, community-based approach to target individual households,



National Housing Trust
1101 30th Street, NW, Suite 400
Washington, D.C. 20007
202-333-8931 | www.nhtinc.org



Enterprise
10227 Wincopin Circle
Columbia, Maryland 21044
800.624.4298 | www.enterprisecommunity.org

multifamily rental properties, and commercial properties for energy efficiency retrofits. Through the multifamily rental component of this initiative, it is estimated that 14 multifamily buildings comprising over 1,400 affordable units will benefit from energy efficiency retrofits through this funding.

New Jersey: The New Jersey Housing and Mortgage Finance Agency (NJHMFA) has used SEP funding to create the **Multifamily Energy Efficiency Improvement Pilot**. The pilot program will provide financing for energy efficiency upgrades in multifamily housing units as well as renewable energy installations in multifamily buildings. NJHMFA will provide low interest loans which can be used to finance the balance of the cost of energy efficiency improvements not covered by other state and federal incentives.

Vermont: The Vermont Housing and Conservation Board (VHCB), in conjunction with Vermont Fuel Efficiency Partnership, have used SEP funds to establish a flexible program aimed towards improving the efficiency of affordable multifamily properties with high energy costs. Awards are made as grants, but can be structured as a loan or a deferred loan if requested by the applicant. VHCB and the Vermont Housing Finance Agency have surveyed owners of multifamily affordable housing properties to determine high energy use properties, which will receive first priority for the funds. Also a high priority are properties undergoing redevelopment where energy efficiency improvements are part of the scope of work. Funds can be used for a range of activities including energy audits, base weatherization, mechanical system energy upgrades, energy and air sealing, window and door replacement, advanced thermal shell upgrades/deep energy retrofits, and installation of renewable energy systems. Applicants are expected to leverage SEP funds with other sources of state or federal funds, including Weatherization Assistance Program, EECBG, Regional Greenhouse Gas Initiative funds, or state energy loan funds.

William Booth Tower: State Energy Program Funds Help Affordable Homes Go Green

William Booth Tower in Cumberland, Maryland has been a haven for low-income seniors since 1977. While it has endured as quality affordable housing for more than 30 years, the property was not constructed to modern energy codes and has not received any major physical improvements since it was built. The National Housing Trust/Enterprise Preservation Corporation has put together a \$5.5 million redevelopment plan that will include significant energy efficiency and water conservation upgrades. Financing for the green improvements is coming in part from a grant from the Maryland Department of Housing and Community Development's Multifamily Energy Efficiency and Housing Affordability program (MEEHA).

Some of the most significant green improvements that will be made at William Booth Tower include the installation of a green roof with vegetation, an efficient new boiler for the central heating system, energy efficient light fixtures, low flow plumbing fixtures, and energy star appliances. These improvements will lower operating expenses and help maintain affordability for low income households, reduce carbon emissions, and create healthier, more comfortable living environments for residents.

