NASEO Multifamily Taskforce Meeting

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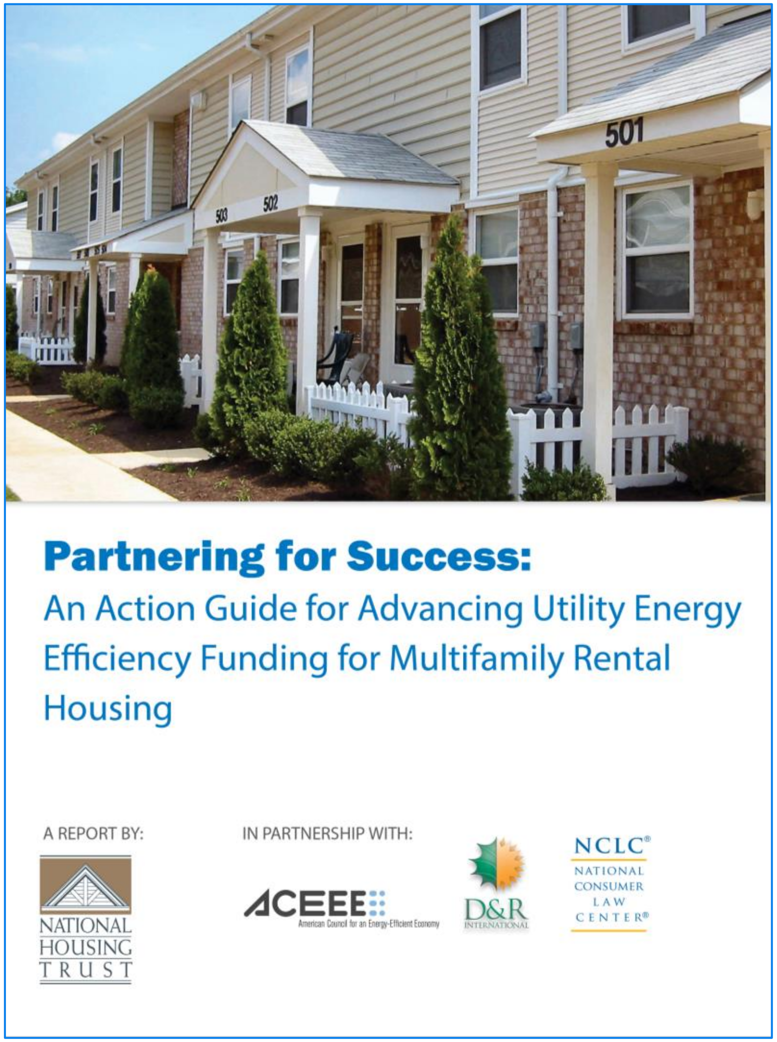
NHT has been engaging with utilities and other stakeholders in targeted states to advance multifamily energy efficiency programs.

- Explore barriers to cost-effective energy efficiency improvements
- Demonstrate the potential for energy savings in this housing stock
- Identify tools and approaches to finance energy efficiency improvements and help utilities achieve their goals
- Demonstrate the value of new partnerships between utilities and housing stakeholders



There is significant, unrealized energy savings potential in affordable multifamily housing.

Current Situation

- Efficiency measures less likely to be in multifamily rentals.
- High operating costs make it difficult to sustain affordable rental housing.
- Lost opportunity to realize environmental, economic benefits.

Potential Future

- Multifamily rentals have energy efficiency measures at the same rate as other types of housing.
- Lower operating expenses help to preserve affordable rental housing.
- Reduce GHG emissions, create local jobs.

Successful financing strategies must address market barriers.

- Split incentives
- High initial costs
- Debt constraints own owners
- Lender uncertainty about energy savings potential
- Owners lack necessary information
    - Unaware of program financing/funding opportunities
    - Uncertain about the value of EE improvements, business rationale

Opportunities exist to overcome market barriers.

- Increasing awareness about EE among affordable mf owners
- Target owners pursuing refinancing
- Emerging financing mechanisms that address split incentive, high initial cost barriers, e.g. On-bill programs
- Utility funding for EE is increasing
  - Combine incentives with financing to lower project costs
  - Provide technical services, e.g. audits

In NJ, PSE&G and the NJ Housing & Mortgage Finance Agency co-developed an approach that overcomes economic barriers.

- PSE&G provides upfront, interest- free financing and grant incentives for energy efficiency improvements in multifamily housing
- Customer share of costs repaid at 0% interest on the customer's PSE&G utility bill- <u>customer does need to take on asset-backed debt</u>
- Repayment term: 10 years for affordable housing; 5 years for market-rate
- Partnership with NJHMFA provides access to owners
- Flexible building assessment- less expensive audits when possible helps to keep total expenses down
- Match progress payments to project cash flow needs

In MD, MEEHA program targets multifamily buildings in state housing pipeline.

- Multifamily Energy Efficiency and Housing Affordability (MEEHA); partnership of MEA and MD DHCD
- Grants of up to $500,000 per project, with a maximum of $2,500 per unit
- Streamlined application process provides customers easy access to incentives; targeted to properties in DHCD's pipeline for financing
- Now funded through investor-owned utilities

Mountain View Towers	
Sources of Funds	
Federal LIHTC Equity (DHCD)	$4,913,000
Tax Credit Assistance Pgm. (DHCD)	$3,000,000
MEEHA (DHCD)	**$258,935**
Other Sources	$3,376,095
Total Sources	$11,548,000

Concluding thoughts…

- Significant energy savings potential in affordable multifamily housing
- Strategies must be targeted to overcome market barriers
- Common attributes of successful programs include:
  - Reduce initial costs
  - Align incentives among key renters/owners
  - Combine financing w/ incentives such as utility rebates, grants
  - Successful marketing/outreach to owners

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