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.

<table>
<thead>
<tr>
<th>Current Situation</th>
<th>Potential Future</th>
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</thead>
<tbody>
<tr>
<td>• Efficiency measures less likely to be in multifamily rentals.</td>
<td>• Multifamily rentals have energy efficiency measures at the same rate as other types of housing.</td>
</tr>
<tr>
<td>• High operating costs make it difficult to sustain affordable rental housing.</td>
<td>• Lower operating expenses help to preserve affordable rental housing.</td>
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<tr>
<td>• Lost opportunity to realize environmental, economic benefits.</td>
<td>• Reduce GHG emissions, create local jobs.</td>
</tr>
</tbody>
</table>
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 - customer does need to take on asset-backed debt

- 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

<table>
<thead>
<tr>
<th>Mountain View Towers</th>
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<tbody>
<tr>
<td><strong>Sources of Funds</strong></td>
</tr>
<tr>
<td>Federal LIHTC Equity (DHCD)</td>
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<tr>
<td>Tax Credit Assistance Pgm. (DHCD)</td>
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<tr>
<td><strong>MEEHA (DHCD)</strong></td>
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<tr>
<td>Other Sources</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
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</tbody>
</table>
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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