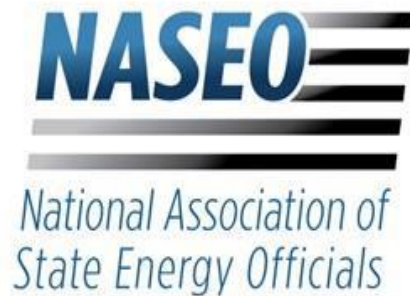


Multifamily Task Force Meeting:  
Advancing State Multifamily Energy Efficiency  
Policies and Programs

Aligning Owner and Tenant Interests:  
Utility Allowance Calculation



# Owner Perspective

- Lack data on their portfolio energy consumption
- Where tenant pays utilities, believe HUD will keep all energy savings
- Unaware of utility allowance options
- Appliance replacement: cost before efficiency



# Tenant Perspective

- Typically lack financial or informational resources to increase energy efficiency of/in unit
- Feel any energy savings goes to property owner
- Vulnerable communities on avg have least efficient appliances



# Split Incentive

- Owner provides inefficient appliances
- Owner doesn't invest in energy efficient building systems
- Owner doesn't benchmark properties
- Tenant wants the maximum utility allowance, as they can pocket the savings
- Inefficient buildings and appliances drain tenant income, can lead to unpaid bills and evictions
- If I don't own it, why should I invest in it?



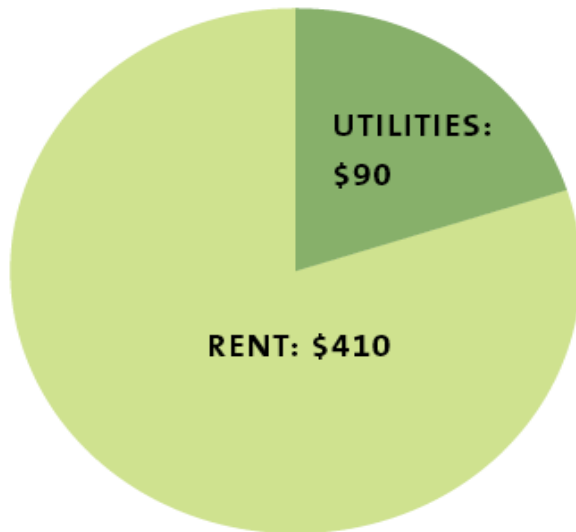
# Energy Efficiency Based Utility Allowance

- An alternative utility allowance, determined by local PHA
- Projects must achieve a specified level of efficiency (e.g., 15% above code)
- Typically mirror existing state/local utility program requirements



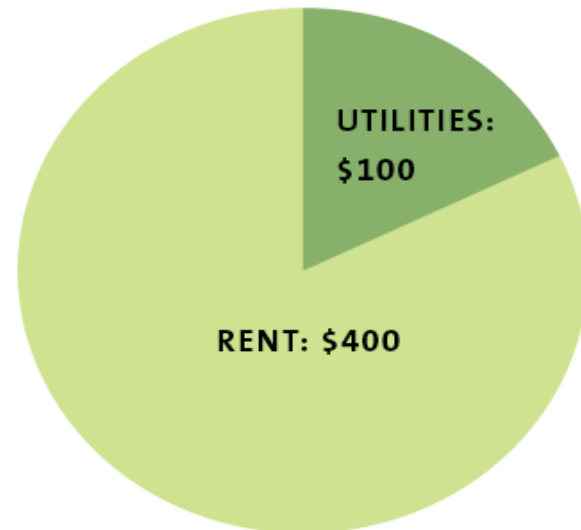
# Utility Allowances

## ENERGY-EFFICIENT UTILITY ALLOWANCE



TOTAL HOUSING COST: \$500

## STANDARD UTILITY ALLOWANCE



TOTAL HOUSING COST: \$500

Courtesy Enterprise Green Communities

# Utility Allowances Metering

**Master-Metered** - utilities included in rent and paid by the owner

**Check-Metered** - aka sub-metered - owner pays utilities, tenants may pay penalties for use beyond established thresholds (check state requirements)

**Individually-Metered** - tenant receives the bill and an utility allowance is subtracted from established rent



# Utility Allowances Types

## Engineering-Based Methodology

- PHA method
- PHA Energy Efficiency Based Utility Allowance (EEBUA)
- Other site-specific models

## Consumption-Based Methodology

- PHA rolling base conventions
- Utility company estimates
- Other site-specific estimates or averages

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/ph/phecc/allowances2](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/phecc/allowances2)





# Utility Allowance Program Requirements

Public & Indian Housing, Housing Choice  
Vouchers: PHA Rates

HOME: Market Study or PHA

CDBG: Program Administrator

Project Based Section 8 & HUD other:  
PHA, Utility est., 12 mo. Avg

HUD Multifam Loans: Site Specific est. or  
avg

Rural Housing Svc Rental Asst: RHS rates



# Utility Allowances LIHTC

LIHTC utility allowance options set by the HFA:

- Local PHA or HCV
- Sec. 8 Utility Allowance
- Local Utility Company Estimate
- HFA Utility Allowance
- HUD Utility Schedule Model
- **Energy Consumption Model**



# Case Study: The Gardens on Garfield



## 4.3.1 THE GARDENS ON GARFIELD

DEVELOPER: Thomas Safran & Associates ([www.tsahousing.com](http://www.tsahousing.com))

LOCATION: Glendale, Calif. (LA County)

CALIFORNIA CLIMATE ZONE: 9

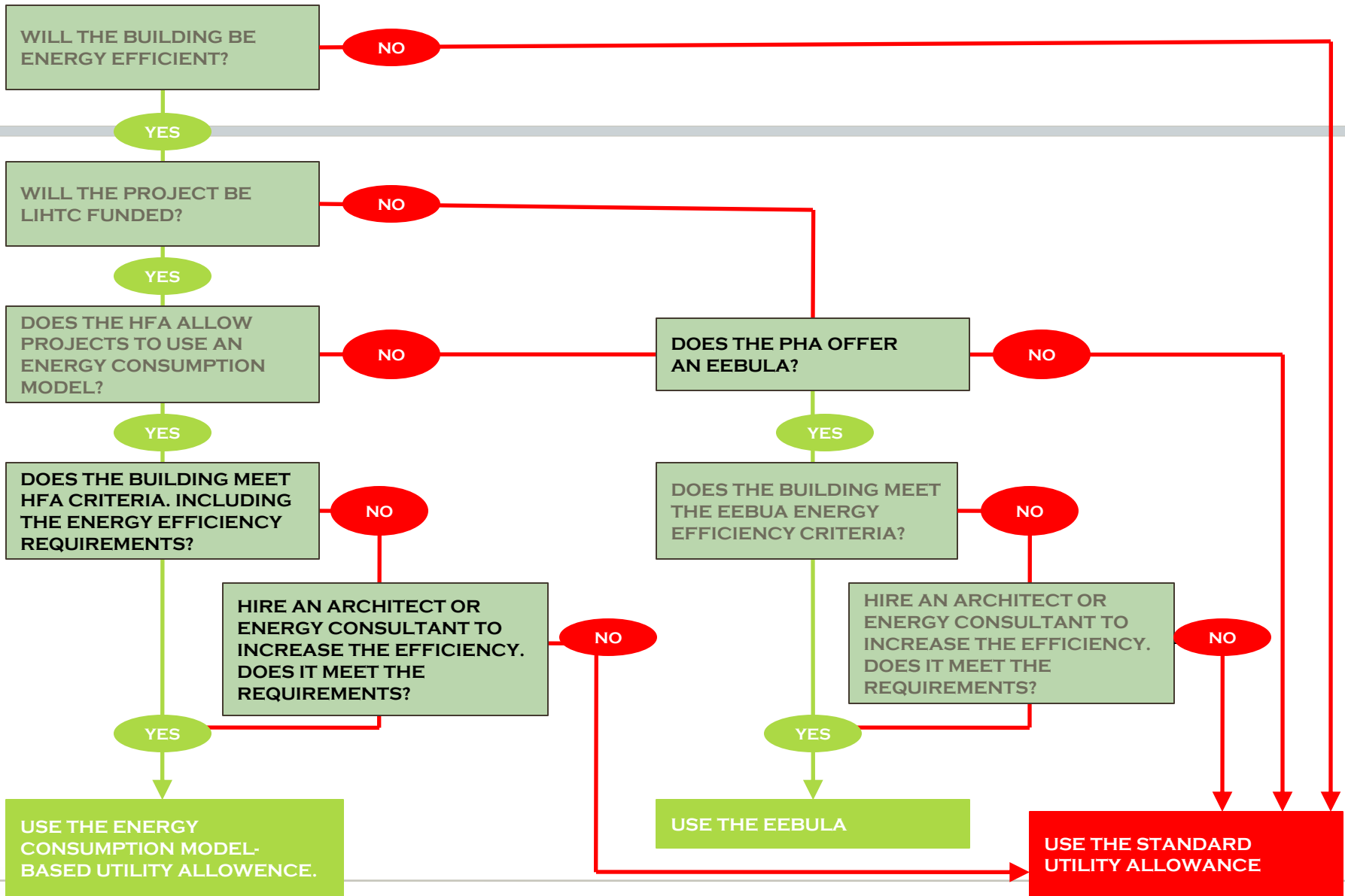
NUMBER OF UNITS: 30

ENERGY ACHIEVEMENT: Exceeded Title 24 by  $\approx$  16%

ENERGY-EFFICIENCY MEASURES INCLUDE: 1) ENERGY STAR appliances; 2) High efficacy lighting, and timers for lights in common areas; 3) Upgraded roof insulation (R-30); 4) Low-E\* windows; Upgraded HVAC system (heat pump)

FINANCIAL BENEFITS OF CUAC: The standard utility allowance (UA) increased during the time that the project was constructed. This would have resulted in a gap in financing, if the developer had used the standard UA. Using the true UA determined with the CUAC, the developer was able to avoid losing \$90,000 in loans.

Courtesy of Enterprise Green Communities



# Partners: PHA & HFA

- Data on energy use
- Alternative utility allowance calculations
- Blueprint for financial structure



PHA's Norris Apartments, LEED certified



# Resources: Consultants

- [www.2rw.com](http://www.2rw.com)
- [www.nelrod.com](http://www.nelrod.com)
- [www.benningfieldgroup.com](http://www.benningfieldgroup.com)



# Resources

ENTERPRISE GREEN COMMUNITIES  
UTILITY ALLOWANCE  
OPTIONS FOR INVESTMENTS  
IN ENERGY EFFICIENCY:  
RESOURCE GUIDE

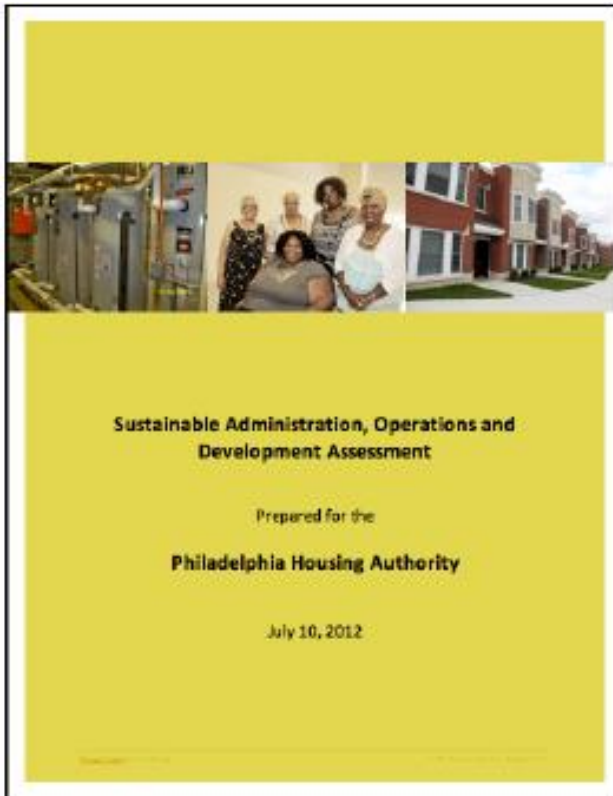


For New Construction  
and Rehabilitated  
Affordable Housing

May 2011



# What Next?



- Determine if HFA or PHA offers EEBUA
- External Partner Collaboration
- Educate Multifamily Owners
- Educate Tenants



# Thank You

- Community Engagement : ongoing
- Acquisition due diligence and transfer 12/2013
- Demolition 3/2014 (funding is secured)
- Groundbreaking and construction start 6/2015
- Construction Completion 6/2019

