

HFA IRA Bootcamp Session #6: Sustainability Trends in QAPs and How to Leverage IRA Funding

AGENDA

- **Welcome**
 - Danielle Arigoni, NHT
- **Announcements**
 - Program updates
 - Preview of forthcoming NCSHA report
- **Overview of NHT's QAP Analysis**
 - NHT Team
- **HFA Share-Out**
 - Ohio Housing Finance Agency, D.C. Dept of Housing & Community Development, and Minnesota Housing
- **Reminders & Preview of Upcoming Sessions**
 - Madeleine McCullough, NHT



IMPACT OF GOVERNMENT SHUTDOWN ON IRA

- Implementation of IRA will not cease entirely; some disruptions are possible
- IRA received multi-year funding from Congress, so different spending rules apply. Impacts will range by agency:
 - **DOE**: 1,040 employees funded by IRA and BIL and will continue to perform work
 - **HUD**: GRRP applications can be submitted; no HUD staff support or application review available until the shutdown is over
 - **EPA** and **Treasury/IRS**: Official contingency plans not yet released

<https://www.energy.gov/articles/departments-energy-implementation-activities-plan-case-lapse-appropriations>

<https://www.hud.gov/sites/documents/HUDCONTINGENCYPLANFINAL.PDF>

FIRST ROUND OF GRRP ELEMENTS AWARDS

Elements cohort supports current recapitalization transactions; funds efficiency and resilience investments for projects in their final planning stages.

\$17.9M

Total Awarded

\$666,337

Average Award Amount

51%

Total Awards as a % of Round One Funding

State	No. of Awards
IL	5
NY	5
MD	4
MO	3
OH	3
KY	2
CA	1
CT	1
DC	1
IN	1
MN	1
TN	1
Total	28

TREASURY/IRS ANNOUNCE APPLICATION PROCESS FOR LOW-INCOME COMMUNITIES BONUS CREDIT PROGRAM

- Treasury/IRS/DOE will begin accepting applications for the Low-Income Communities Bonus Credit Program at **9 am on October 19th.**
- 30-day application period, followed by rolling application review period
- DOE will review applications and provide recommendations to the IRS in the order applications are received

Information Resources

NHT will send out links to the following resources:

- Treasury/IRS Webinar on Sept. 29th at 1 pm ET
- DOE landing page where application materials will be posted
- List of covered multifamily programs

UPCOMING NCSHA RESOURCES

Robert Henson

Senior Housing Policy

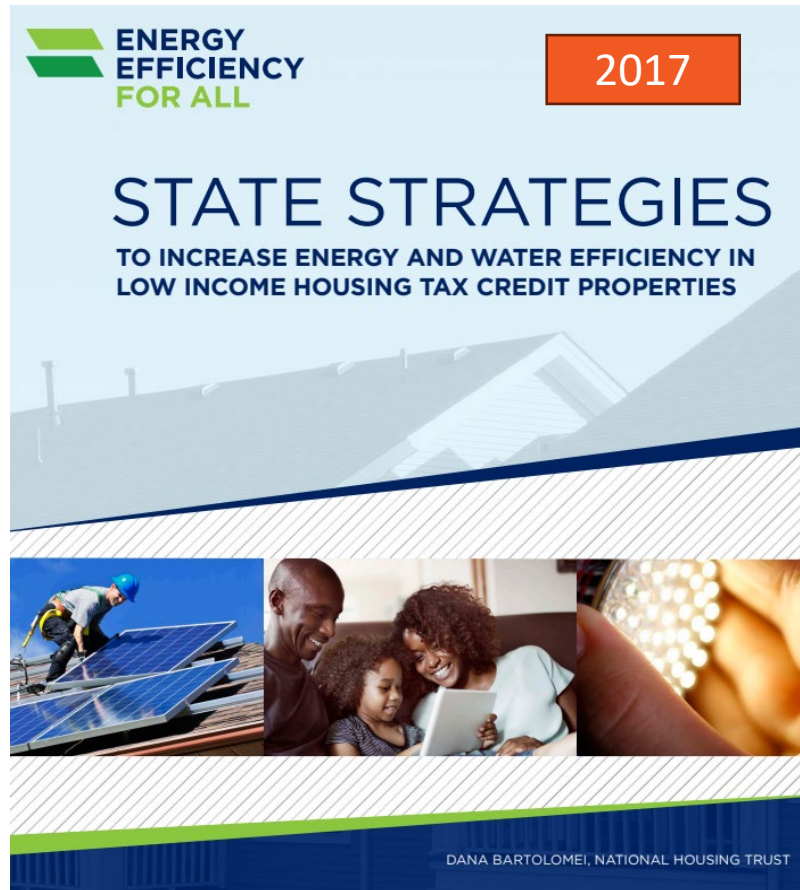
Specialist

**National Council of State
Housing Agencies**



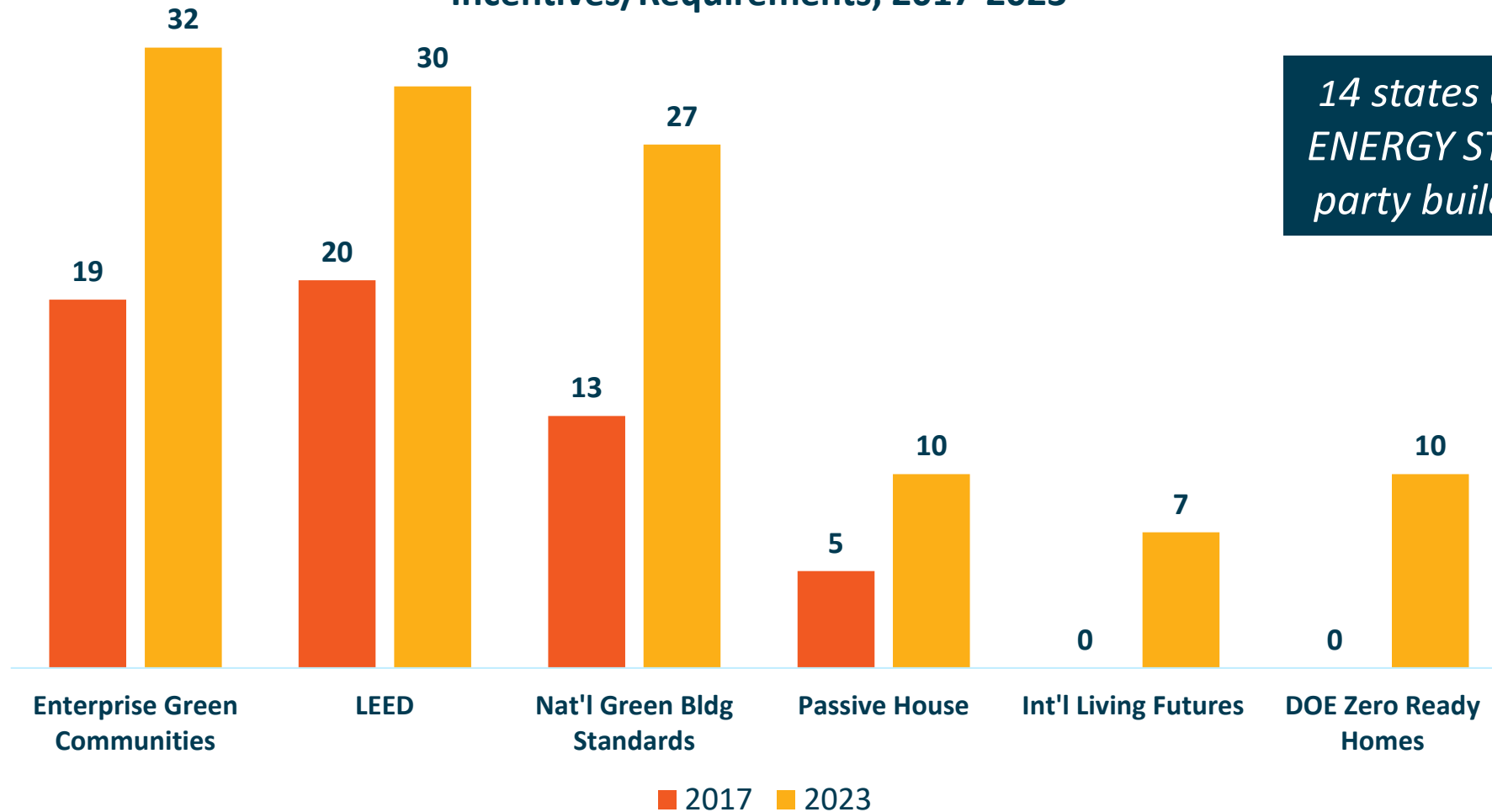
ANALYSIS OF QAP SUSTAINABILITY TRENDS

Since 2017, NHT has tracked energy incentives and requirements in the LIHTC program



THIRD PARTY BUILDING STANDARDS

Number of QAPs with Third-Party Standard Incentives/Requirements, 2017-2023



14 states also reference ENERGY STAR as a third-party building standard

The strategies reflected here represent QAPs as of May 2023.

ENERGY BENCHMARKING

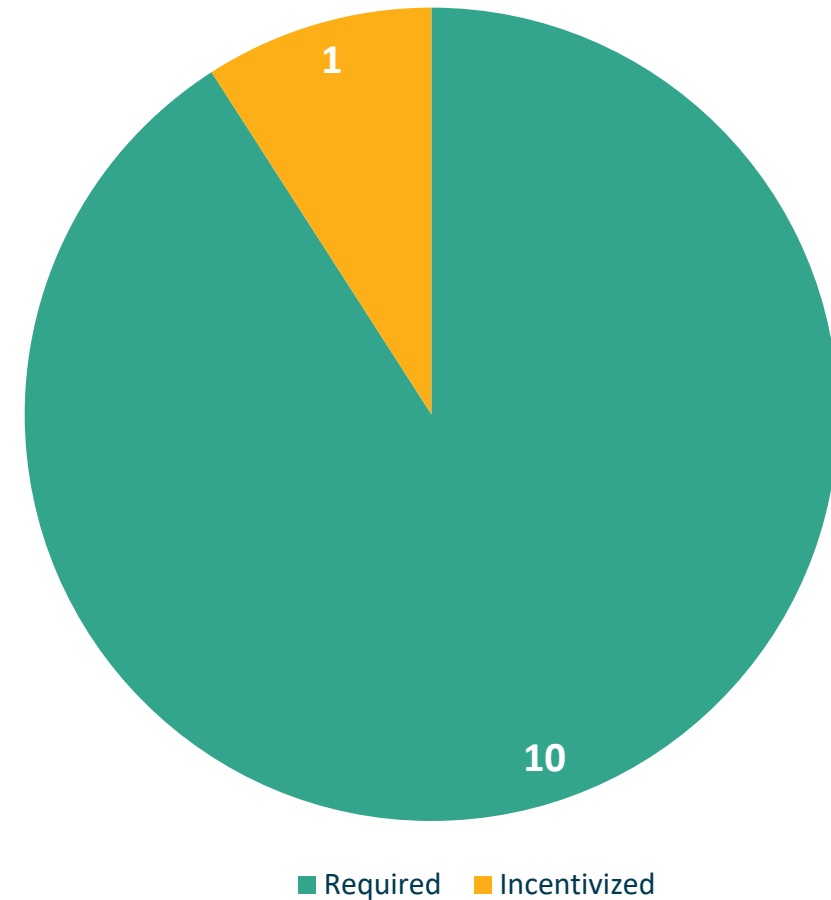
What is benchmarking?

- Tracking energy and water consumption of a property to compare building performance to other properties

Why benchmark?

- Helps building owners make data-driven decisions to improve O&M and prioritize upgrades that lower operating costs

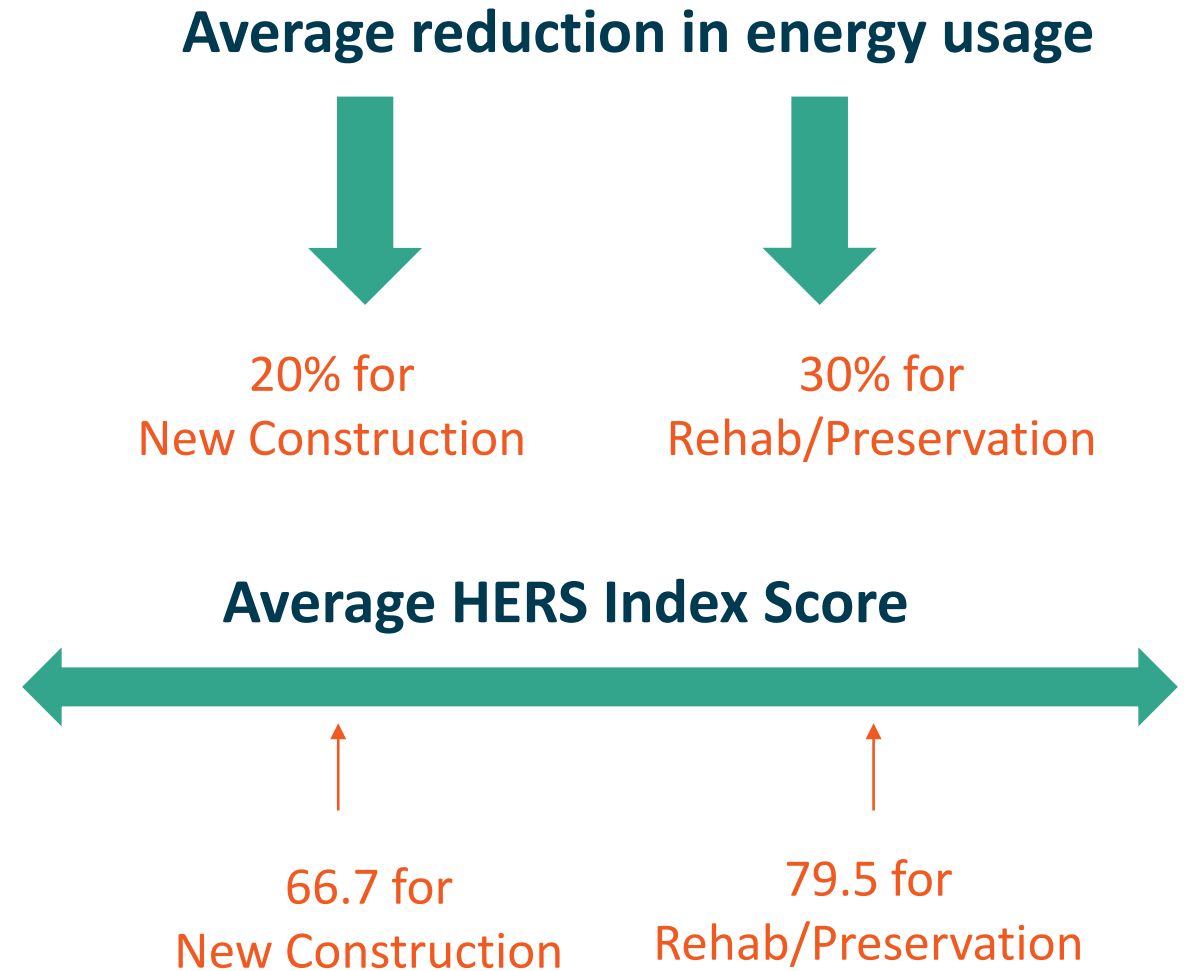
QAPs with Incentives or Requirements for Energy and Water Benchmarking



ENERGY PERFORMANCE

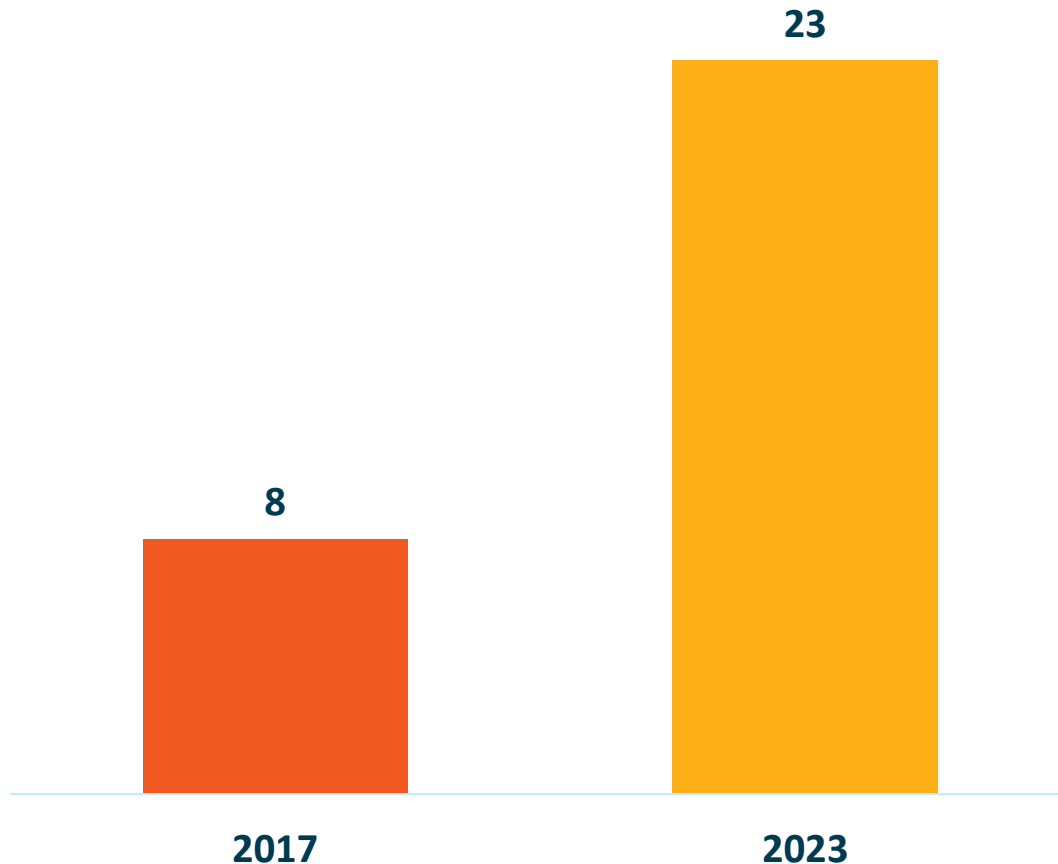
What is a performance-based approach?

- Reducing energy consumption at a property by target % compared to a pre-retrofit baseline (measured either by change in actual energy usage or HERS index score).
- Requires owners to establish baseline pre-retrofit or pre-construction and install features to achieve a reduction in energy consumption.
- For new construction, a reduction is in energy usage is compared to state Building Energy Efficiency Standards.



RENEWABLE ENERGY

QAPs with Incentives or Requirements for Renewable Energy



- 21 states explicitly consider solar
- 2 states explicitly consider wind
- 2 states explicitly consider geothermal

Some QAPs specify the amount of on-site or off-site renewable energy to be provided, as a % of the building's estimated demand.

Several states also award points to applicants who ensure renewable energy systems benefits the tenants.

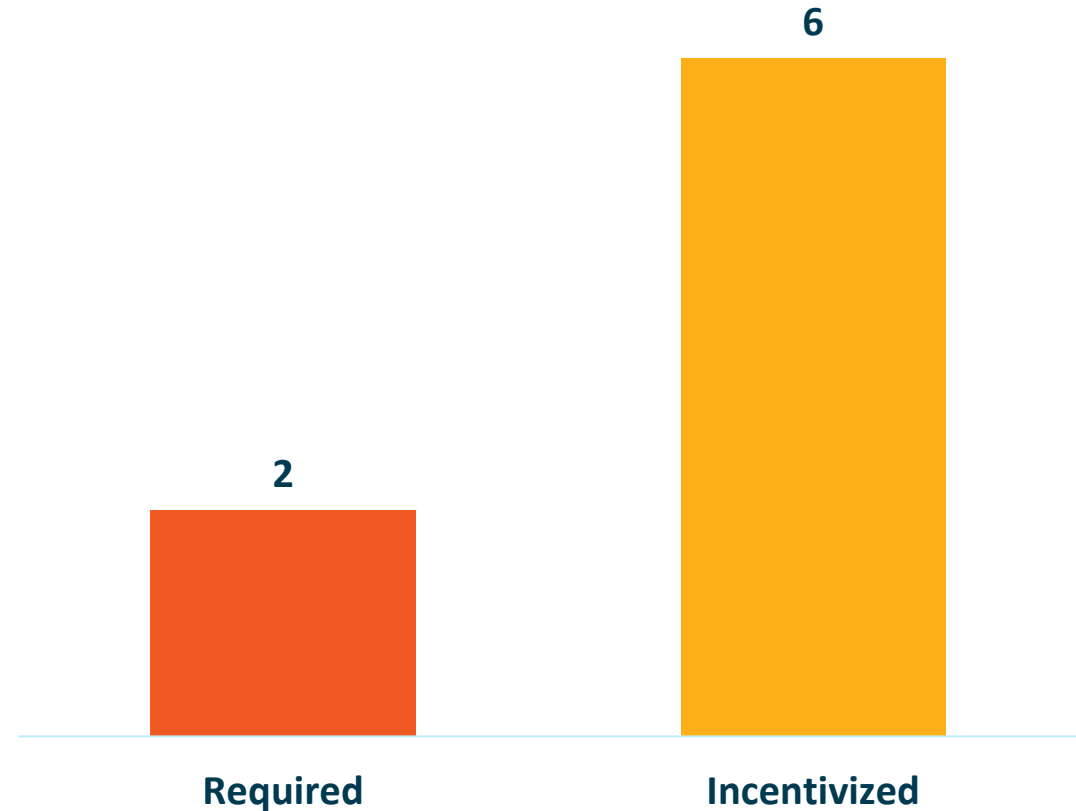
ELECTRIFICATION

Electrification requirements include:

- Whole building electrification
- Conversion of gas appliances and mechanical systems to all electric systems

7 states award points to projects with EV-charging stations or require projects be “EV-ready”

QAPs with Incentives or Requirements for Immediate Electrification



QAP + IRA PROGRAM OVERVIEW

	Green and Resilient Retrofit Program (HUD)	Home Energy Efficiency Rebates (DOE)	High-Efficiency Electric Home Rebates Program (DOE)	Greenhouse Gas Reduction Fund (EPA)	45L New Energy Efficiency Home Credit	48(e) Low Income Communities Bonus Credit Program	Section 179D Modification of Energy Efficient Commercial Buildings Deduction
Funding Amounts	\$40k-\$80k/unit; \$750k-\$20m/property	\$4k-\$8k per unit for LMI HHs up to 80% of costs	Up to \$14k per unit, up to 100% of project costs	TBD	\$500-\$5,000 per unit	Tax credit up to 50% (30% base + 20% adder) of the cost of solar or wind facility in LMI MF	\$.50/sq ft to \$5.00/sq ft depending on level of energy savings and labor standards
Energy Performance Third-Party Energy Standards	Min. 25% energy/carbon savings Preferences or requirements for standards depending on cohort	Min. 20% energy savings required	Appliances must be ENERGY STAR certified	Existing: ENERGY STAR score 75 or higher New: 10% less energy use than code	Energy performance requirements of ENERGY STAR Multifamily or DOE ZERH		Existing: At least 25% reduction in pre-retrofit EUI; New Construction: 25% improvement over ASHRAE 90.1 2007

QAP + IRA PROGRAM OVERVIEW

	Green and Resilient Retrofit Program (HUD)	High-Efficiency Electric Home Rebates Program (DOE)	Greenhouse Gas Reduction Fund (EPA)	48(e) Low Income Communities Bonus Credit Program
Renewable Energy	Rooftop or ground mounted solar, including any battery back-up; On-site wind energy generation; Geothermal energy generation system; Community solar installation or participation		Prioritizes buildings powered solely from renewable energy sources, meaning that 100% of the building's energy is from renewable sources (either directly or through market mechanisms)	10 or 20-percentage point boost to the energy investment credit for qualified solar or wind facilities that are in low-income communities or on Indian land, are part of affordable housing developments, or benefit low-income households
Building Electrification	Electrical transformer, panel, or wiring work for projects pursuing electrification of any system or component; Electric air source or ground source heat pumps; Electric Domestic Hot Water heat pumps; Electric ovens, cooktops, ranges, and clothes dryers, if converting from gas or oil	Rebates for electric heat pumps for water and space heating; electric stove, cooktop, range, or oven; electric heat pump clothes dryer; electric load service center; Insulation; Air sealing and materials to improve ventilation; or Electric wiring	Prioritizes net-zero emissions buildings that are highly efficient, and all electric free of on-site emissions	

HFA SHARE-OUT

Sean Thomas

Senior Advisor for Housing

Policy & Programs

Ohio Housing Finance Agency

Joe Knackstedt

Deputy Manager

District of Columbia Dept of

Housing & Community

Development

Katherine Teiken

Clean Energy Specialist

Minnesota Housing

Minnesota Housing – Energy Rebate Analysis Requirement

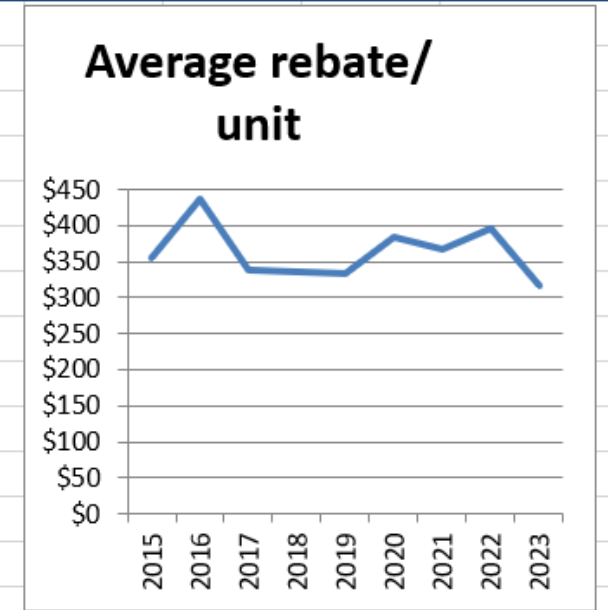
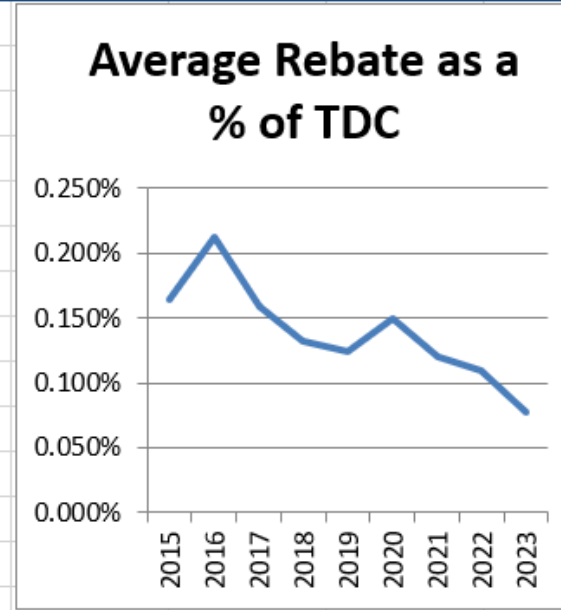
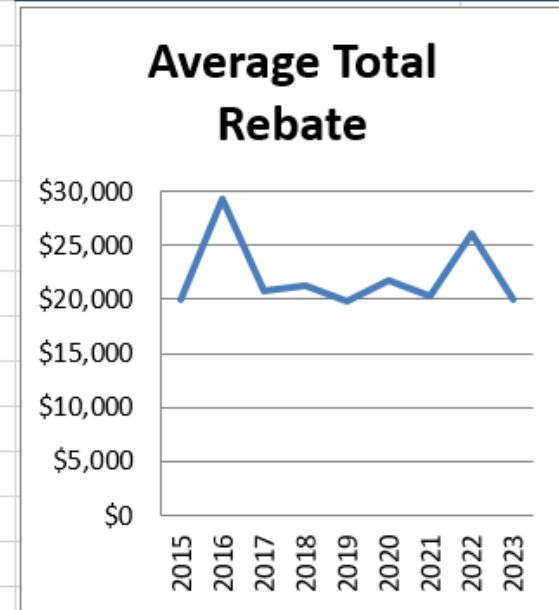
- Instituted in 2015
- The purpose is to leverage utility funds in order to increase energy efficiency in Minnesota's affordable housing.
- Each application must contain an Energy Rebate Analysis that outlines the type and amount of available utility incentives. The estimated incentive amount should also be listed as a source in the Workbook.
- We recommend developers work directly with local utility company rather than relying on websites because projects may qualify for a mixture of custom, commercial, and residential rebates.
- We plan to extend this requirement to include the new federal rebate programs

Minnesota Housing – Energy Rebate Analysis Requirement

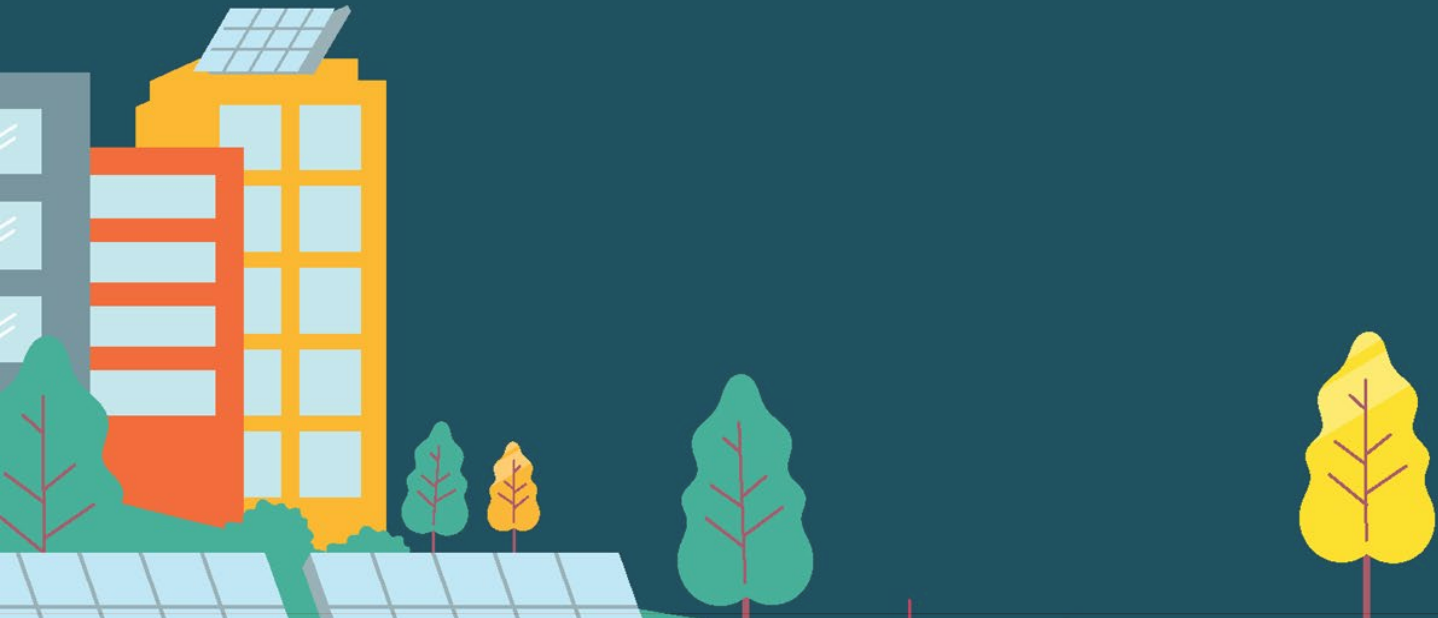
- A. At the application phase, submit a preliminary/draft explanation of energy rebates being considered. The preliminary/draft explanation should include the following: utility name; utility type (e.g., electric or natural gas); utility program name (if applicable, e.g., Energy Design Assistance or Multi-Family Building Efficiency Program); and total estimated rebate amount. Also indicate whether the developer has already been in contact with the utility about potential rebates for this project.
- B. Prior to closing/loan commitment, submit a final ERA as follows:
 - 1. Prepared by a third-party entity with no identity of interest to the developer, borrower or owner of the development property. The third-party entity must be a licensed architect, licensed engineer, needs assessor, HERS Rater, or other entity deemed qualified by Minnesota Housing to provide this service.
 - 2. The ERA must be on the letterhead of the entity it was prepared by and must include contact information and the date it was prepared.
 - 3. The ERA must include a list of eligible utility company, local, regional, state, or federal rebate programs.
 - 4. The ERA must include recommendations of applicable rebates to be included with estimated rebate amounts or estimated tax credit amounts.
 - 5. Include calculations, energy models or other technical data to support recommendations.
 - 6. Include letters, program data information, or other documentation from utility providers to support noted programs.
 - 7. If renewable energy strategies are proposed, a cost-benefit analysis must be included.

Minnesota Housing – Energy Rebate Analysis Requirement

	2015	2016	2017	2018	2019	2020	2021	2022	2023
% of developments complying with the Energy Rebate Analysis requirement	83%	81%	96%	98%	96%	99%	97%	96%	98%
Average total rebate	\$20,026	\$29,335	\$20,841	\$21,207	\$19,901	\$21,752	\$20,344	\$26,081	\$ 20,019
Average rebate as a % of TDC	0.164%	0.212%	0.159%	0.132%	0.124%	0.15%	0.12%	0.11%	0.08%
Average rebate/unit	\$356	\$438	\$338	\$336	\$333	\$384	\$367	\$397	\$ 317.00



Questions?



REMINDERS

- RSVP for our **in-person session** at NCSHA's Annual Conference next month!
 - *Sunday, October 15, 2:45-4:45*
 - *Sheraton Boston (same venue as conference)*
- Register for Climate United's webinar about their multifamily sector finance strategy for GGFR funding: *Opportunity for Public Officials to Learn More and Provide Input*
 - *Friday, September 29, 2-3pmET*
 - *Registration link is in the chat!*





*Session dates and topics are
subject to change*

Upcoming Sessions

**October 15,
2:45-4:45pm ET**

**In-person Bootcamp at NCSHA's 2023 Annual
Conference & Showplace in Boston**

**October 25,
2-3:30pm ET**

Engaging Residents

- Supporting HFAs and Owners to center residents in the design and implementation of IRA programs/retrofits

**TBD
(JOINT)**

DOE Rebates

- How are states approaching DOE's rebate programs and what does it mean for affordable housing?

Thank you!
Questions?

