

# Notes on Building Greener Affordable Housing in Vermont

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## *Notes from Panel and Discussion:*

- Energy costs up from 10% to 30% of operating cost in 3 years (Nancy, please check my #'s)
- Energy costs may rise by a factor of 3 or 4 – how to mitigate this disaster?
- Costs for other, non-negotiable parts of projects rising also (such environmental, historic, ADA, constraints from various funders, other)
- Building larger buildings results in lower costs/unit, but not as desirable for many providers
- Existing properties have huge issues:
  - How to bring new financing to existing projects?
  - Can providers/projects afford more debt?
  - Maintenance needs compete with energy needs for dollars
  - Existing buildings need to remain occupied during rehab, or rehab costs rise
- How can the conversation go to others?
  - Impact fee waivers? Density waivers for high efficiency projects?
  - Need reliable, detailed, verifiable energy cost savings projections to take to a bank
- New approaches entail risk – understand, mitigate and have strategies for downsides
- For fixed and low income tenants, gross rents can not rise as fast as energy costs are rising

## *Approaches to the Problem*

- Network among providers, energy folks and others sharing common goals
- Take advantage of changing awareness of public about this issue
- Find ways to work with people who have particular interests (environmental, historic, ADA, various funders, other)
- Provide more data for real estate appraisers so they can properly value energy efficiency
- Do a micro-load demonstration project to collect data, using a rehab project. Find grant money to do this.
  - Set a goal for energy use in Btu/sq.ft. per year
  - Base the energy goal on maintaining affordability; that is, what is the annual energy usage and energy source that can be supported by available rent? This requires providers to determine allowable rents and energy/buildings people to determine what is required to get there.
- Increase linkages between development dollar side and operations dollar sides of housing organizations, so that energy savings can be captured with increased construction costs.
- Implement lower-cost energy reduction strategies (air leakage control, weatherization) now from capital reserves to “hang on” until a project can be refinanced. Do these improvements in the context of looking at a real micro-load rehab, so that work is not wasted when more work is done later.