

April 29, 2016
Andrew Martin
Michigan State Housing Development Authority
P.O. Box 30044
Lansing, Michigan 48909

Re: Michigan Draft 2017-2018 Qualified Allocation Plan

Dear Mr. Martin:

These comments are submitted by the Natural Resources Defense Council (NRDC). NRDC along with the National Housing Trust (NHT), Elevate Energy, and others launched the “Energy Efficiency for All” initiative in 2013. Our goal is to scale up energy efficiency investment in affordable multifamily housing. We look forward to continuing to work with the Michigan State Housing Development Authority to achieve this goal.

We support the steps that MSHDA has already taken to increase the energy efficiency of affordable housing in Michigan; requiring properties to meet MSHDA affordable green standards, and awarding points for projects that achieve higher levels of certification or choose optional criteria within nationally recognized green building standards.

However, we encourage MSHDA to consider including additional measures to increase the energy efficiency of rehabilitation projects supported through the allocation of tax credits. Specifically, we encourage MSHDA to incorporate the following into the QAP:

1. Consider requirements or incentives that reward projects that commit to benchmarking the energy and water use of the property for the life of the applicable tax credits. We commend MSHDA for its participation in a pilot with New Ecology to encourage building owners to benchmarking energy and water usage and calculate utility allowances based on actual consumption data. To build on this pilot, we recommend MSHDA consider adopting additional requirements or incentives to encourage benchmarking.

Energy is the highest variable operating cost in affordable housing, materially affecting both owners and residents. What’s more, water and wastewater charges have been increasing at well above the Consumer Price Index (CPI) for many years.¹ Benchmarking the energy and water performance of buildings for the life of the applicable tax credits will help owners and MSHDA to identify needed efficiency improvements and track efficiency investments to see if measures have realized their expected savings. Several peer states provide such incentives for benchmarking:

- **The New Jersey Housing and Mortgage Finance Authority** awards additional points in its QAP to developers who commit to participate in its benchmarking initiative. Developers are eligible to receive the points if they submit a signed energy benchmarking utility release form for all common meters (gas, oil, and electric, etc.), provide certain project data (square footage per

¹ American Water Works Association (AWWA) & Raftelis Financial Consultants, Inc., *2014 Water and Wastewater Rate Survey*, AWWA, 2015. pp. 15-17.

building, mechanical systems installed, etc.), and signed energy benchmarking utility release forms for a minimum of 75% of tenants.

- In 2014, **Rhode Island Housing** coordinated with National Grid to develop a benchmarking pilot that included 400 affordable multifamily housing properties. Results from the pilot have informed National Grid's expansion of benchmarking services to additional multifamily customers and been used as a tool for more advanced project targeting and to help increase program cost-effectiveness. In addition, Rhode Island Housing awards points to projects that commit to benchmarking all owner and tenant-paid utilities.

2. MSHDA should continue collaborating with the utilities and program administrators operating in the state. We appreciate MSHDA's cooperation with Consumers Energy and other stakeholders to allow owners to access reserve funds during Consumer's recent one-stop shop multifamily energy efficiency pilot. We strongly encourage MSHDA to begin and maintain regular collaboration with utility companies in the state to help affordable owners access energy efficiency programs and incentives, and to ensure programs are accessible to MSHDA-sponsored properties.

Many utilities and program administrators have efficiency programs designed to help owners invest in efficiency repairs and improvements, yet lack the capacity or expertise to effectively reach the community of affordable housing owners and developers. State housing finance agencies are well-positioned to help utilities' efficiency program administrators improve how their programs reach affordable housing, and HFAs across the country are increasingly working with utilities' efficiency program administrators to improve energy efficiency programs and help owners access utility-sponsored energy efficiency resources. For example,

- The **Pennsylvania Housing Finance Agency** and **Minnesota Housing** require developments seeking tax credits to submit an Energy Rebate Analysis with their application, detailing a list of utility-sponsored, local, regional, or federal energy efficiency rebates for which the property is eligible.
- The **Wisconsin Housing and Economic Development Authority** awards points to developers who participate in a Focus on Energy Consultation to review the proposed development for possible energy savings and incentives. Focus on Energy is Wisconsin utilities' energy efficiency and renewable resource program.
- The **Connecticut Housing Finance Agency** requires applicants to submit an Energy Conservation Plan that includes information regarding the applicant's efforts to pursue other energy efficiency-related funding opportunities including utility-sponsored incentive commitments.

3. Require ENERGY STAR-labeled clothes washers in common-area laundry rooms. We support the requirement in MSHDA's Green Policy that appliances, including clothes washers, be ENERGY-STAR labeled. However, MSHDA should clarify that this requirement applies to both in-unit clothes washers and clothes washers in common-area laundry rooms. Clothes washing is responsible for about 20% of all indoor residential water use and a new Energy Star washer can cut water use in half compared to the most common types of washers in use today.

The Natural Resources Defense Council appreciates the opportunity to comment on the Michigan State Housing Development Authority's 2017-2018 draft Qualified Allocation Plan. We commend MSHDA for its continued support of energy efficiency, and look forward to continuing to work with MSHDA on the Energy Efficiency for All Initiative.

Sincerely,



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