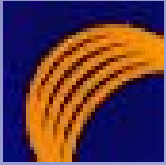


MaGrann Associates

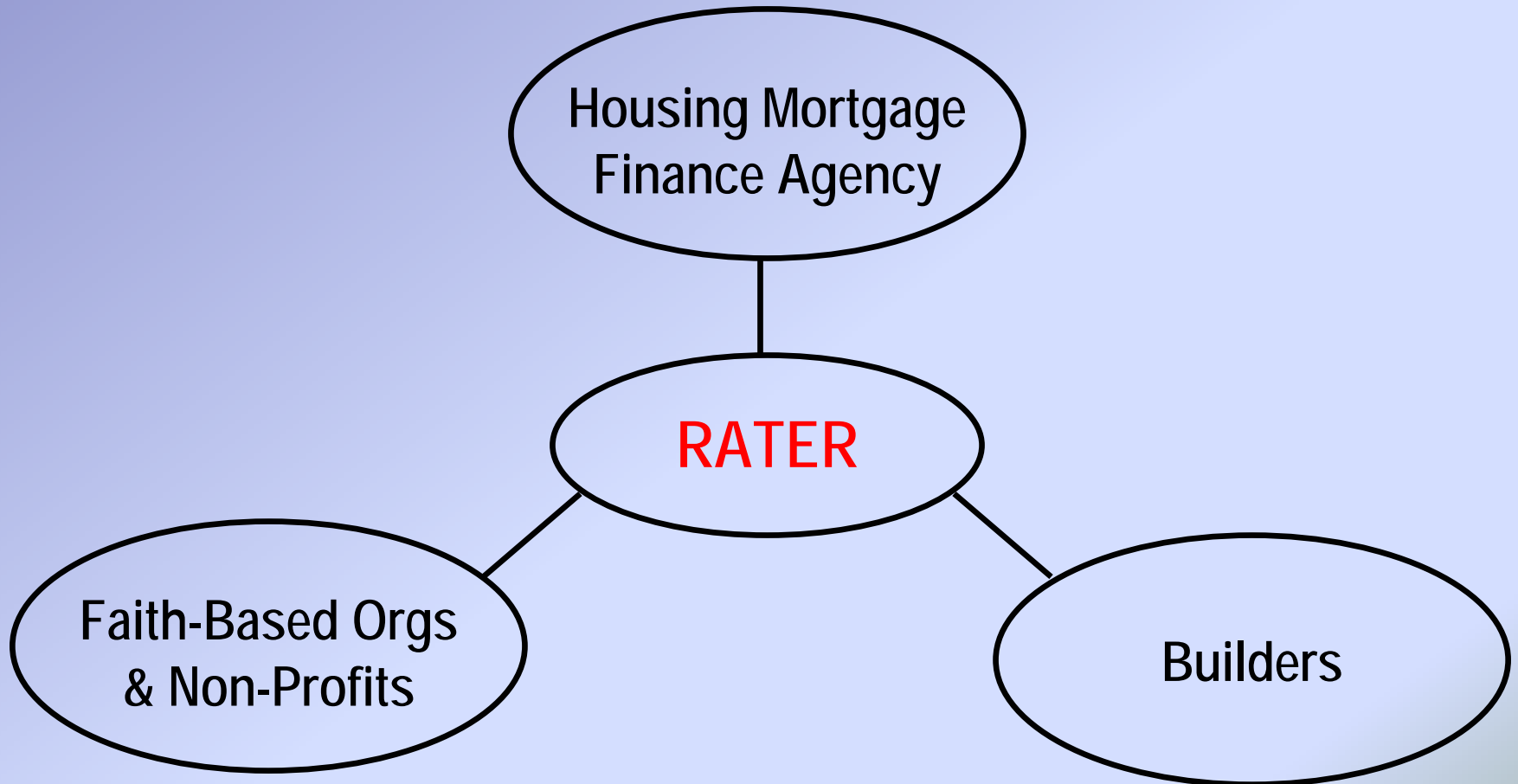
"Ratings as a Tool for Affordable Housing"

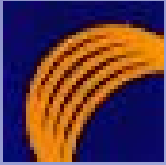
Tapping the Opportunities of Partnering with Affordable Housing Programs

Michael Brown
RESNET 2004



Creating Partnerships is Key

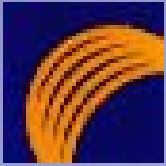




Affordable Housing Partnerships

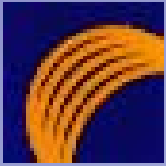
Align Your Firm With the Non-Profit Community (typical sponsors of affordable housing projects):

- Non-profits Including Faith-based Community Development Corporations (CDCs), Dioceses, etc.
- Other Non-Profit (Affordable) Housing Agencies
- Social Service and Counseling Agencies/ Organizations



Creating a Partnership with the State HMFA

- Identify major state housing finance programs funded thru Housing & Mortgage Finance Agencies (i.e. NJHMFA)
 - Low Income Housing Tax Credits, Bond Programs, HOME Funds
- Meet with appropriate Agency Director & staff, explaining benefits of building to Energy Star standards and HERS ratings
 - Need to better design and build housing for Low & Moderate Income population
 - Affordable Housing Constituents can least afford today's high housing costs, including the cost of utilities
- Offer alternatives for incorporating ENERGY STAR certification in Agency's application process as well as proposed language that can be included in State Regulations/Guidelines

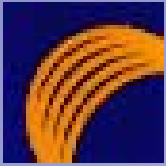


“How-To” Template

- Since State HMFA tax-credits involve a highly competitive application process...

STRATEGY #1...

- Convince the State HMFA to include ENERGY STAR Homes certification as a point category IN ADDITION TO THE EXISTING MENU OF POINT CATEGORIES (e.g.. developers receive 5 points for building near existing transit facilities) which is part of the Tax-Credit application process



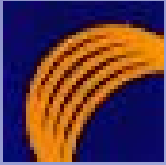
Process continued...

Once the State HMFA has “bought into” concept...

- Develop a set of procedures and documentation with State personnel to ensure Developer's compliance with HMFA's Rules (where tax-credit applicant has checked-off that he/she intends to obtain ENERGY STAR certification for homes/buildings)

Examples...

- Developer submits to State a copy of the Specifications Form submitted (along w/ blueprints) to the Rater for Plan Review
- Developer submits to State a copy of counter-signed EPA Partnership Agreement
- At the conclusion of construction Developer submits to State a copy of the ENERGY STAR Certification



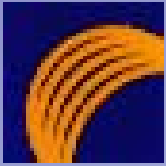
Process continued...

STRATEGY #2

- Convince the State HMFA that ENERGY STAR certification for Tax-Credit projects is important enough to warrant ***increasing*** the ENERGY STAR point category value among the menu of point categories

STRATEGY # 3

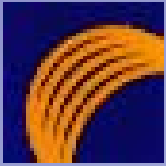
- Urge the State HMFA to change ENERGY STAR Certification from an optional point category among the menu of point categories to a general requirement for all tax-credit projects



Including ENERGY STAR & Ratings in HMFA Tax-Credit Rules

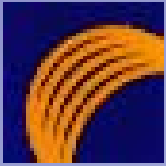
- **Subchapter 33. Low Income Housing Tax Credit Qualified Allocation Plan (NJHMFA)**

“...8. Successful participation in the Environmental Protection Agency’s (EPA) ENERGY STAR Homes Program or equivalent (for example, New Jersey’s ENERGY STAR Homes Program) shall be required for all applications except master-metered rehabilitation and minimum rehab projects. Applicants shall include a copy of the signed ENERGY STAR Partnership Agreement or Specification Form between the applicant and the EPA (or equivalent) or a letter from the project architect certifying that individually metered units in the proposed rehabilitation project would be impractical. At the time a project places in service, owners shall submit to NJHMFA the ENERGY STAR Homes Certificate issued by the EPA (or equivalent) for each building in the project...”



Strengthening the Partnership with HMFA

- Regularly meet with senior officials of HMFA
- Attend/display at all HMFA tax-credit workshops
- Attend other State-sponsored affordable housing conferences
- Create and send specialized follow-up correspondence to attendees (based on lists provided by Agency)
- Meet with each prospective tax-credit applicant team



Other Potential Partners in Affordable Housing

- Local Housing, Community Development and Redevelopment Agencies
- Municipal or County Redevelopment Offices which distribute HOME funds
- County Housing Agencies
- State Department of Community Affairs/Division of Housing & Community Resources
- State Green Homes Office
- State Redevelopment Authority or Agency
- State Dept. of Commerce and Economic Development
- Regional offices of U.S. HUD

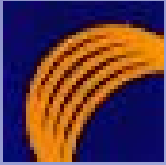


ENERGY STAR & Ratings in DCA and Balanced Housing Rules

- Neighborhood Preservation Balanced Housing Program Rules (N.J.A.C.5:43-1 AND FF)

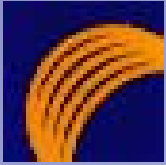
"...Energy Efficient Housing Unit

Energy efficient housing unit means a housing unit that achieves 86 points or more on the Home Energy Rating Scale (HERS) or is certified as an "Energy Star Home" by an accredited home energy rater. See chapter Appendix G, incorporated herein by reference..."



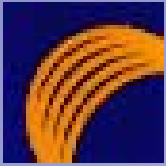
The New Jersey Story

- **Approx. 1300** Affordable Housing Units were ENERGY STAR Certified in **2003**
- **Approx. 2800** Affordable Housing Units have been ENERGY STAR Certified to Date
- More Than **2500** Additional Affordable Housing Units are Currently in the Construction Pipeline
- Overall MaGrann Associates has certified more than **8000** homes (100% pre-drywall and final inspections)



The New Jersey Story continued...

- The State's 10 Largest Housing Authorities Are Committed To ENERGY STAR (A requirement in their RFPs)
- New Jersey's Principal Funders of Affordable Housing (ie. NJ DCA Balanced Housing and NJ HMFA) REQUIRE All Their Projects To Be ENERGY STAR CERTIFIED
- Served As A Model For The Recent HUD/DOE/EPA Agreement Requiring All HOPE VI, HOME, and Other HUD Funded & Insured Housing Units To Be ENERGY STAR Certified



Where to Get More Information

- The Internet
- State Housing & Mortgage Finance Agency: Low- Income Tax- Credit (Rental Housing) Div., and Single-Family (For Sale) Div.
- State Affordable Housing and Community Development Officials
- Local or State Redevelopment Agencies
- Municipal Housing Authority Executive Directors
- Join Local or State Affordable Housing Networks and Coalitions, or Other Membership Organizations (members include non-profits, builders, lenders, consultants)
- Affordable Housing Consultants
- Municipal Mayors' Offices, and Housing & Development Directors
- Regional HUD Office
- Fannie Mae, Freddie Mac, and Federal Home Loan Bank