Department of Housing and Urban Development (HUD)
Insured and Assisted Housing - Utility Tracking and Benchmarking Roundtable
Better Buildings Summit
Monday, May 9th
Utility Benchmarking Roundtable

Office of Multifamily Housing

May 2016
President’s Climate Action Plan

- Increase Investments in Energy Productivity
- Eliminate Energy Waste
- Ramp-up standards
- Deploy tools
Energy Consumption

• 21 percent of the nation’s greenhouse gas emissions from residential buildings
• 22 percent of operating budgets for PHAs and assisted housing
• HUD spends an estimated $6.4 billion annually
What HUD is Doing in Multifamily Housing

- Updating utility allowance methodology
- Offering incentives for BBC participation
- Providing access to capital for energy improvements
- Lowering annual MIP for energy-efficient properties
- Developing a CNA e-Tool
- Developing a “pay for success” demonstration program
What HUD Needs

• HUD is currently unable to sufficiently analyze
  – energy and water use patterns,
  – improvement potential, and
  – investment needs

• Harvard Graduate School of Design and the Government Accountability Office, recommended utility benchmarking
What is Benchmarking?

• Tracking the utility consumption of a development on an on-going basis
• Calculating the energy and water efficiency of the development
• Comparing its efficiency to similar developments
• A growing number of municipal and state governments use to make data-driven decisions
Easier Than Ever

- Rapidly becoming quicker, easier, more automated, and more integrated
- Industry-standard best practice
- EPA – free, web-based tool called ENERGY STAR Portfolio Manager
- Calculates an energy-efficiency rating or “ENERGY STAR Score”
Energy Star Scores

• 50 indicates energy performance consistent with the national median,
• 100 represents a top performer
• 75 may make buildings eligible for ENERGY STAR certification
Advantages to Owners

• Helps building owners to understand their buildings’ energy and water performance,
• Detect malfunctioning equipment and billing errors
• Prioritize operational and capital improvements,
• Verify the return on those investments, and
• Plan future budget needs
Advantages to Taxpayer

• Allows government to:
  – Account for utility expenditures
  – Plan future budget needs
  – Develop efficiency incentive programs
  – Offer technical assistance
  – Verify the return on investments.
Anticipated Uses of Benchmarking Data by HUD

• Aggregate the data collected at the national and regional levels
• Measure if energy and water efficiency is increasing, decreasing, or staying the same
• Assess energy and/or water efficiency needs and opportunities in the portfolio
• May inform the development of new policy initiatives, financial incentives, and technical assistance, and pledge programs
POLICY PREVIEW

Proposed HUD Requirements (DRAFT)

• Limited requirements for owners to complete utility benchmarking at Multifamily Properties
  – Spot-checks using sampled tenant-paid utility data
  – Submission when completing certain transactions with HUD
  – Applicable to assisted and FHA insured
POLICY PREVIEW

Proposed HUD Requirements (DRAFT)

• Calculated using ENERGY STAR Portfolio Manager
  – Site and Source Energy Use Intensities (EUI)
  – Site Water Use Intensity (WUI)
  – ENERGY STAR Score for Energy
  – When available from EPA – the ENERGY STAR Score for Water
POLICY PREVIEW

Proposed Covered Property Types (DRAFT)

- Section 202 Project Rental Assistance Contract (PRAC) contracts,
- Section 811 PRAC and PRA contracts,
- Section 8 HAP contracts,
- FHA Insured: 223(a)(7), 223(f), 221(d)(3), 221(d)(4), 220, 230, and 241(a)
POLICY PREVIEW

Proposed Trigger Events (DRAFT)

• Contract Renewals
• TPAs
• Contract Assignments
• Issuance of new FHA mortgage insurance (excluding NC/SR)
• Secondary debt approval
• Preservation contract
• Refinance and recapitalization
• Upon submission of a required CNA
POLICY PREVIEW

Proposed Exceptions (DRAFT)

• Projects with less than 20 assisted units
• Properties that have been in existence for less than 12 months
• Will accept a combination of complete owner-paid utility data and sampled tenant-paid utility data
• Good for three years
# Examples of Sampling Sizes

<table>
<thead>
<tr>
<th>Project Size</th>
<th>Number of Units in Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-29 Units</td>
<td>4</td>
</tr>
<tr>
<td>50-74</td>
<td>6</td>
</tr>
<tr>
<td>100-149</td>
<td>8</td>
</tr>
<tr>
<td>201+</td>
<td>10</td>
</tr>
</tbody>
</table>
QUESTIONS