

Green MIP Discussion: 2nd Year Findings & Score Stabilization

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WMAC Conference

HUD Green MIP Energy Services

Energy Star Benchmarking

- What is Energy Star Benchmarking:
 - International Standard
 - Simulates annual energy use of a building
 - Methodical and iterative process to evaluate potential decisions and achieve long-term goals
- Benefits:
 - Help optimize building design/Compare to like buildings
 - Help prioritize investment in strategies
 - Evaluates energy efficiency
 - Allows for national recognition

HUD MIP Energy Services

Energy Star Certification

□ Energy Star Requirements:

- Twelve months of continuous utility data is required to begin the program
 - ◆ Must include all energy (common area, site, 100% tenant, retail)
 - ◆ Electric, fuel oil and natural gas
- Updated utility data is required every year as part of the reduced MIP recertification for the term of the loan
- Must keep doing energy reporting for entire lifecycle of the reduced MIP
- Must keep Energy Star Certifications current for entire term of reduced MIP loan

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How does a 223f application earn reduced Green MIP?

- Statement of Energy Performance (SEP) - >75 points
 - 12 months of continuous utility data (100% common areas and residential units) is required to begin the program and entered into EPA Portfolio Manager
- Completion of certification site inspection to verify utility and site data
- Submit Energy Star application
- Approved for Energy Star Certification – *Who ? When?*
- Develop Data Collection Plan for ongoing collection of utility data

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What is required of the lender for an existing 223f Green MIP Loan?

- ❑ Identify a qualified green consultant
- ❑ Ensure that the Green Certification remains active throughout the loan term
- ❑ Ensure completion of annual benchmarking (SEP)
 - 75 energy performance rating per ENERGY STAR Portfolio Manager© tool
- ❑ Ensure a plan is in place for ongoing utility data collection



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What is required for 221(d)(4) NC and SR Green MIP Loans?

- Engage green consultant to complete a SEDI (Statement of Energy Design Intent)
 - A two-page summary in PDF format of the design energy inputs and results data that can be generated using either Portfolio Manager or Target Finder.
 - Design energy inputs determined using energy modeling software.
 - Based on the energy model, your green consultant will determine a Projected Energy Star Score (recommended to be >80)
 - 80% Construction drawings required to start modeling
 - ❖ Must include electrical fixture, mechanical and plumbing equipment schedules
- Select Green Certification Program
 - It is recommended that the green certification program be selected early in order to avoid any major design changes
 - Select qualified green consultant early in the design process

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Common Pitfalls in Year 2 for 221(d)(4) Green MIP Loans?

- ❑ Last minute design changes – due to cost/value engineering
- ❑ Incorrect building materials used by contractor
- ❑ Contractor not understanding resource procurement requirements for the specific green program
- ❑ Contractor not coordinating with energy consultant to verify proper installation and inspection schedule

HUD Green MIP Year 2

2nd Year Items

- Got Through the First Year! Now What!?
 - Must gather another 12 months of utility data for a minimum of 25% of units and 100% of common areas
 - ❖ Ideally this was made easier with installation of master meters
 - Must again verify no significant changes to Energy Star Model
 - Must maintain a score of >75 in Energy Star
 - Recommend getting 100% utility data for the property to maintain the green certification

HUD Green MIP Year 2

2nd Year Items

- Oh no! Your Score Fell Below a 75! What now?
 - If you had a previous green certification the prior year, you're in luck!
 - ❖ Make sure you have 100% of the utility data for the property
 - ❖ Determine your energy usage intensity (EUI)
 - ❖ Current EUI < Baseline (original year), you're good to go
 - ❖ If not, conduct ASHRAE Energy Audit to determine what your property needs to do to bring your score back above 75, implement those measures, and then gather data for 12 months prior to rescoring the property.
 - If you didn't have the green certification the prior year:
 - ❖ Conduct an ASHRAE Energy Audit to get back to a 75
 - ❖ Implement measures to get above a 75 score within 3 months
 - ❖ Monitor for the next 12 months and obtain Energy Star Certification

HUD Green MIP Year 2

Things That Are Easier

□ Successes

- Energy Star Models have been completed
- Firm that does the benchmarking is likely most familiar with the property
- Easier to confirm details
- Tenants now being required to allow access to utility data (*tenant utility release form*)

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Challenges and Lessons Learned

□ Challenges

- Still can have issues getting data from local utility companies
- Tenant use changes can dramatically affect scoring
- Some tenants not yet required to provide access to their utility data
(no tenant utility release forms in-place)

□ Things We've Learned

- Some utilities who refuse to provide data individually are now providing whole site aggregate data
- Data Collection Plans

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Case Studies

Case Study #1

- ❑ Existing Multifamily Property 223(f)
- ❑ Multiple phases of construction (2008-2017), with latest phase being completed in January 2017
 - Property not fully built/occupied at the time of request for benchmarking
 - Could not get 100% of data for all tenants for existing units
- ❑ Tasked with completing an ASHRAE Level 2 Energy Audit to determine energy efficiency and projected energy consumption of new buildings
- ❑ Found property would score 90+ through the energy audit
- ❑ Still waiting on 100% utility bills in order to obtain Energy Star Certification

This is a path that was originally allowable under the Green MIP notice, but is pending clarification by HUD HQ since the Green Certification is now required at Closing.

Case Study #2

- ❑ Existing Multifamily Building Refinance 223(a7) with a Green Certification
 - 5-Stories Garden Style with 775 units built in 2012
 - Mixed Use space (Retail, Pool, Gym)
 - Individual Meters
 - Was not able to get 100% of utility bills from the Electric Provider
- ❑ Energy Star Score of 79
- ❑ 25% sample of utility bills accepted thru Energy Star
 - Must be representatively sampled:
 - ❑ Unit types
 - ❑ Buildings
 - ❑ Each size (sq. ft.) and direction (N,S,E,W) of unit exterior wall
 - ❑ Each building floor or level
 - ❑ Each materially different HVAC package

Case Study #3

- ❑ Existing Building Refinance 223(f)
 - 3 Stories Garden Style with 264 units built in 2007
 - Common Space (Clubhouse, Pool, Gym)
 - Unable to obtain 100% of utility bills from the Electric Provider

- ❑ Extrapolated Energy Star Score – 87
 - However, since the owner was only able to collect utility bills for 55 units so property could not obtain Green Certification under Energy Star Existing Building

- ❑ *What do we do now?*

Case Study #3 Cont.

- ❑ Engage ASHRAE Energy Audit to determine what ECMs can be put in place, including:
 - Install programmable thermostats and time of day lock out schedule for common spaces
 - Reduction of site common area interior/exterior lighting
 - Minimum and maximum apartment set points
 - Install timer control on pool pump
- ❑ Benefit to Owner
 - Achieved MIP Reduction with a projected score of 87
 - Reduced Maintenance Costs for building operation
 - ❖ Approximate saving 16% of operations cost
 - Extended life of HVAC and Plumbing equipment on average by 2 years
 - Able to use energy success to market building with an Energy Star score to tenants

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Case Study #4

- ❑ Existing Building Refinance 223(f)
 - 3 Stories Garden Style with 480 units built in 2014
 - Common Space (Clubhouse, Pool, Gym)
 - Individual Meters with a Tenant Landlord Agreement
- ❑ Energy Star Score 65
- ❑ ASHRAE Energy Audit completed ECMs identified
 - Time of day lock out schedule for common spaces
 - Minimum and maximum apartment set points
 - Reduction of site lighting
 - Changing water heater set point and placing on a schedule

Case Study #4 Cont.

- Benefit to Owner
 - Achieved MIP Reduction
 - Reduced Maintenance Costs for building operation
 - Approximate saving 16% of operations cost
 - Extended life of HVAC and Plumbing equipment on average by 2 years
 - Was able to use energy success to market building with an Energy Star score to tenants

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Questions?

