

Board of Commissioners  
Virginia Housing Development Authority  
601 S. Belvidere Street  
Richmond, VA 23220

September 25, 2018

Dear Commissioners:

I am writing today on behalf of the Virginia Energy Efficiency Council (VAEEC) to provide comments on the 2019 Virginia Low-Income Housing Tax Credit Qualified Allocation Plan (QAP).

VAEEC is a 501c3 organization, headquartered in Richmond, providing a platform for stakeholder engagement while assessing and supporting programs and policies that advance energy efficiency in Virginia. We engage our members to identify barriers and opportunities to energy efficiency advancement in Virginia, and to develop a strong, fact-based and balanced industry voice before local, state and national policymakers and regulators. Our diverse group of nearly 100 members includes Fortune 500 companies, nonprofits, local governments, state agencies, utilities and individuals. The VAEEC's goal is to ensure that energy efficiency is recognized as an integral part of Virginia's economy and clean energy future.

The VAEEC is currently focused on several program areas which reflect our role in advancing innovative and effective strategies in the energy efficiency field: launching Commercial Property Assessed Clean Energy (C-PACE) financing; advocating for rigorous energy requirements in the Virginia Uniform Statewide Building Code (USBC); expanding utility energy efficiency programs; and supporting benchmarking and data access initiatives. Expanding energy efficiency provides Virginia residents with affordable energy bills and healthier, more comfortable homes.

Our comments focus on three main areas:

- Certification Requirements
- Allocation of Points
- Benchmarking

### **Certification Requirements**

Energy efficiency certification programs have had tremendous impact on the low-income housing stock in Virginia. In particular, the EarthCraft program has demonstrated significant impact on Virginia LIHTC housing, as evidenced in the 2017 report *Sustaining Energy Efficiency: Longitudinal Evidence of Virginia's Low-Income Housing Tax Credit Properties*. Residents in low-income housing built to above-code certifications can save between 3.1 and 8.3 percent of total annual housing costs from energy efficiency.

The proposed 2019 QAP makes a number of changes to longstanding project selection criteria. Specifically, it sets minimum energy standards for new construction and rehabilitated homes while providing separate points for achieving third-party above-code certification. While some may argue that the USBC has "caught up" to third party certifications such as EarthCraft and LEED, the preliminary findings from the DOE *Virginia Energy Code Field Study* demonstrates a gap in code compliance, which in turn, reinforces the need for independent, third-party verification.

***In order to meet the intended minimum energy baseline, we recommend that the Virginia Housing Development Authority require all projects obtain ENERGY STAR certification and not just build to standards with no third-party verification.***

Another change is the inclusion of a Home Energy Rating System Index (HERS) score of 80 or better for rehabilitation projects to be considered for LIHTEC funding. Most modern buildings can easily attain a HERS rating of 80 with little to no energy improvements, which would open the already-competitive pool of credits to what are known as “paint and sweep” projects (see Viridiant’s comments for HERS data on rehabilitation projects). These projects may be better served by the weatherization providers network either through the Department of Housing and Community Development’s weatherization program or the low-income programs through the electric utilities.

***It is our recommendation to strike the language from 13 VAC10-180060.3.3.f) that allows a HERS score of 80 or better for rehabilitation project under consideration.***

***In addition, we support the technical changes suggested by VAEEC member, Viridiant, which are attached as an addendum.***

#### **Allocation of Points**

Within the “development characteristics” category of the 2019 QAP, there is also a concern regarding points allocation. In our opinion, above-code certifications warrant a greater number of points than single measures, due to the significant energy-savings these certifications provide in addition to other beneficial factors such as water efficiency, waste reduction and improving indoor air quality. Single measure upgrades (e.g. kitchen LED lighting), while also beneficial, do not provide the same benefits on the same scale.

***We recommend that VHDA revises the point allocations in this category to provide higher point levels for above-code certifications. Further, we suggest omitting points for outcomes that could be easily integrated into minimum construction standards (e.g. USB charging and solid core doors) or activities (like LED lighting) that would typically be implemented through above-code certifications.***

#### **Benchmarking**

Benchmarking is designed to measure the energy performance of a building over time, compared to itself, a norm or similar buildings and is a critical first step to ensure not only that installed systems are performing at maximum capacity but to continue analyzing the system for more performance upgrades over time, resulting in lower utility bills.

According to an Energy Star report on data savings trends, benchmarked buildings achieve an annual energy savings of approximately 2.4% per year. Buildings with lower-than-average energy savings have the most to gain, potentially saving twice as much as those starting above average according to the report. Having this valuable data on hand also provides VHDA with the opportunity to evaluate the success of the energy-savings component of LIHTEC projects.

***In order to maximize performance and energy-savings, we recommend that benchmarking be incorporated into the 2019 QAP.***

***In addition, we also recommend including an additional ten points for any certified development that performs benchmarking.***

The inclusion of above-code certification in previous QAPs for the LIHTEC program has played a pivotal role in providing affordable, healthy and energy efficiency homes to underserved populations in our communities. The continued inclusion of third-party verification will ensure that new low-income housing is built to the same standards as previous LIHTEC housing stock, and the addition of a benchmarking program will help quantify the long-term impact these above-code certifications have on Virginia's affordable housing portfolio.

Thank you for providing us with the opportunity to submit input on the 2019 Virginia Low-Income Housing Tax Credit Qualified Allocation Plan. If you have any questions about our comments, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Chelsea Harnish". The signature is written in a cursive, flowing style.

Chelsea Harnish  
Executive Director  
Virginia Energy Efficiency Council

Addendum  
Viridian Technical Comments

Table 2. Comment Legend

Struck language = <del>wording is struck</del>	Suggested Language = <u>Blue and underlined</u>
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**2019-2020 QAP (Blackline), 8.15.18 Comparison QAP v.4-1**

**As Drafted:** p.15

13 VAC10-180060.3.1.f) If each full bathroom’s bath fans are wired to the primary bathroom light with a delayed timer, or exhaust by ERV/DOAS, (3 points) If each full bathroom’s bath fans are equipped with a humidistat, (3 points)

**Recommendation:** f) If each full bathroom’s bath fans are wired to ~~the primary bathroom light with a delayed timer, or exhaust by ERV/DOAS,~~ a motion sensor with a delayed timer, or exhaust by ERV, or exhaust by a dedicated outdoor air system (DOAS), (3 points) If each full bathroom’s bath fans are equipped with a humidistat, (3 points)

**As Drafted:** p.17

13 VAC10-180060.3.3.f) Each development must meet the following baseline energy performance standard applicable to the development’s construction category. For new construction, the development must meet all requirements for EPA Energy Star certification.

**Recommendation:** 13 VAC10-180060.3.3.f) Each development must meet the following baseline energy performance standard applicable to the development’s construction category. Prior to the issuance of an IRS Form 8609 with the proposed architect of record certifying in the application that the development’s design will meet the criteria for such certification, provided that the proposed development’s RESNET rater is registered with a provider on the Authority’s approved RESNET provider list. For new construction, the development must meet all requirements of EPA’s ~~Energy Star~~ ENERGY STAR certification program, as evidenced by an EPA ENERGY STAR Certificate.

**As Drafted:** p. 17

13 VAC10-180060.3.3.f) For rehabilitation, the proposed renovation of the development must result in at least a thirty percent (30%) post-rehabilitation increase on the Home Energy Rating System Index (“HERS Index”) or score an 80 or better on the HERS Index.

**Recommendation:** 13 VAC10-180060.3.3.f) For rehabilitation, the proposed renovation of the development must result in at least a thirty percent (30%) post-rehabilitation ~~increase~~ decrease on the Home Energy Rating System Index (“HERS Index”) ~~or score an 80 or better on the HERS Index~~ demonstrated by the following formula:

Improvement = (x/y)-1

Where x = pre-rehabilitation HERS Index

\_\_\_\_\_ y = post-rehabilitation HERS Index

**As Drafted:** p. 17

13 VAC10-180060.3.3.f) For adaptive reuse, the proposed development must score a 95 or better on the HERS Index. For mixed construction types, the applicable standard will apply to the development's various construction categories. The development's score on the HERS Index must be verified by a third-party, independent, non-affiliated, certified Residential Energy Services Network ("RESNET") home energy rater.

**Recommendation:**

13 VAC10-180060.3.3.f) For adaptive reuse, the proposed development must score a 95 or better on the HERS Index and [shall not be permitted for senior housing when the project's thermal enclosure is constrained by Historic Tax Credit requirements](#). For mixed construction types, the applicable standard will apply to the development's various construction categories. The development's score on the HERS Index must be verified by a third-party, independent, non-affiliated, certified Residential Energy Services Network ("RESNET") home energy rater [registered with a provider on the Authority's approved RESNET provider list](#).

**As Drafted:** p. 17

13 VAC10-180060.3.3.f) Any development for which the applicant agrees to obtain (i) EarthCraft Gold or higher certification, (ii) US Green Building Council LEED green building certification, (iii) National Green Building Standard ("NGBS") Certification of Silver or higher; or (iv) meet Enterprise Communities ("EGC") Criteria prior to the issuance of an IRS Form 8609 with the proposed development's architect certifying in the application that the development's design will meet the criteria for such certification, provided that the proposed development's RESNET rater is registered with a provider on the Authority's approved RESNET provider list ~~an additional 10 points for an EarthCraft certified development or EarthCraft Gold development that performs tenant utility monitoring and benchmarking~~. (10 points, points in this paragraph are not cumulative)

**Recommended:** p. 17

13 VAC10-180060.3.3.f) Any development for which the applicant agrees to obtain (i) EarthCraft Gold or higher certification, (ii) US Green Building Council LEED green building certification, (iii) National Green Building Standard ("NGBS") Certification of Silver or higher; ~~or (iv) meet Enterprise Communities ("EGC")~~ Criteria prior to the issuance of an IRS Form 8609 with the proposed development's architect certifying in the application that the development's design will meet the criteria for such certification, provided that the proposed development's RESNET rater is registered with a provider on the Authority's approved RESNET provider list (10 points, points in this paragraph are not cumulative)

[An additional 10 points for any certified development that performs tenant utility monitoring and benchmarking.](#)

**As Drafted:** p. 18

13 VAC10-180060.3.3.f) Additionally, points on future applications will be awarded to an applicant having a principal that is also a principal in a tax credit development in the Commonwealth meeting: (i) the Zero Energy Ready Home Requirements as promulgated by the US Department of Energy ("DOE") and as evidenced by a DOE Certificate; and/or (ii) the Passive House Institute's Passive House standards as evidenced by a certification from an accredited Passive House certifier. (10 points, points in this paragraph are cumulative)

**Recommended:** p. 18

13 VAC10-180060.3.3.f) Additionally, points on future applications will be awarded to an applicant having a principal that is also a principal in a tax credit development in the Commonwealth meeting: (i) the Zero Energy Ready Home Requirements as promulgated by the US Department of Energy (“DOE”) and as evidenced by a DOE Certificate; and/or (ii) the Passive House Institute’s Passive House standards as evidenced by a certification from an accredited Passive House certifier; and/or (iii) EarthCraft Zero Energy Ready program as evidence by a certification from Viridiant. (10 points, points in this paragraph are cumulative)

**As Drafted:** p. 15

13 VAC10-180060.3.1.d) If points are not awarded pursuant to subsection 3(f) below for optional certification, if each bathroom contains only WaterSense labeled toilets, faucets, and showerheads. (3 points)

**Recommended:** p. 15

13 VAC10-180060.3.1.d) If points are not awarded pursuant to subsection 3(f) below for optional certification, if each bathroom contains only WaterSense labeled toilets, faucets and showerheads, and ENERGY STAR appliances for common laundry areas. (1 point)