Multifamily Weatherization
WinnDevelopment

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Good morning, I’d like to start by thanking NH&RA and CEFA – I know that Thom and Peter and everyone else put a lot of work into this event. Thanks for inviting me. Also, thanks to Bob Adams for joining us here as well.

I’d like to give a quick intro to WinnCompanies – and briefly go through what we’re doing related to energy and sustainability.

80,000 units under management in over 20 states

One of the largest multifamily residential property managers in the country. Largest in New England.

Quick background on green initiatives
This slide shows energy consumption across a sample of buildings.

This Portfolio Energy Monitoring is important because it allows you pull out which properties are performing the worst on an energy efficiency basis.

This is the first step in an analysis, and is followed by more detailed energy audits to specify the scope of work.
The next highlight is the development of Pickle Ditson Lofts. Pickle will be Winn’s first LEED certified project.

LEED, for those of you who don’t know, is a voluntary rating system developed by the US green building council. LEED has become the “standard” to measure how green a building is. Although it is not perfect, it has become so recognized that it’s difficult to talk about Green Buildings without mentioning LEED.

This historic renovation will develop 62 residential units in Boston’s Mission Hill Neighborhood, with 43 units designated low-income.

---This project will focus on a highly insulated envelope, as well as high performance HVAC systems.
---Most importantly, this project has set the design standard for Winn’s future historic mill renovations, all of which are targeting LEED certifiable.
This next highlight is a new GREEN OPERATIONS AND MAINTENANCE MANUAL

By developing a GREEN OPERATIONS AND MAINTENANCE MANUAL - Winn is integrating green standards and best practices into routine maintenance practices and new policies. The manual establishes standards for everything from pesticide usage to green cleaning, from Energy Star purchasing standards to seasonal air conditioner maintenance to low VOC paint.

Every property manager and maintenance staff will have a guide to reference when making decisions. Guide was developed by Tohn Environmental Strategies with support from Brian Kean, Mike Worrick and myself.
In 2008, Winn installed 1 Megawatt of solar photovoltaic capacity.

- Power Purchase Agreements: Properties make no upfront investment, and pay a reduced rate for solar electricity.

Partnerships with:
- Massachusetts Technology Collaborative
- Connecticut Innovations

Winn Solar installed nearly a megawatt of solar PV on 7 affordable housing properties in 2008

At the time, it was one of the largest solar projects for low-income housing.

Made possible through Partnerships with Mass Tech Collaborative and Connecticut Innovations
12 projects identified:

- Massachusetts
- New Hampshire
- New York
- Washington DC
- Pennsylvania
- Rhode Island
- Virginia

Like Bob and many others here, I’ve spent most of the past year focusing on weatherization assistance program.

Started by Cold calling CAP agencies and state agencies. Reading through legislation. Meeting with state weatherization directors...

As most of you know, ARRA increased weatherization funding for low income families to $5 Billion dollars. The funds are distributed through DOE to States (who are the Grantees) and the states then assign Subgrantees (non-profits or local government) Subgrantees are responsible for ensuring projects meet eligibility criteria and also that weatherization contractors are qualified.

Just when I thought i understood the federal program, i quickly realized that there’s a whole lot of room at the state level to establish state-specific plans. These plans have to follow the federal DOE program guidelines, but have the flexibility operate independently.

WAP is very DECENTRALIZED – Even thought the federal legislation says one thing, the states can be more restrictive in their administration.

12 projects identified in 6 states:

- 1 construction is complete
- 1 construction in progress
- 6 awarded funds and in design
- 3 pending applications
- 1 application declined
Before getting into some of the challenges of weatherization, I’m going to start with a successful example of Multifamily Weatherization.

Wingate Village is 100 units – 100 affordable LI-TEK development in LACONIA, New Hampshire – it’s the northernmost in Winn’s portfolio. Laconia gets cold!

Partnered with NH Public Service, NGRID
Approx $220,000 funding award (2,200 per unit)

Scope – weatherstripping, attic insulation, attic airsealing, basement sill insulation, pipe insulation, lighting and fan upgrades, water efficiency upgrades, new refrigerators

Apparently, the developer who originally built this was from Florida. And as you can see, the foundation of the building is significantly smaller than the footprint of the living space. The overhang allowed a direct path for cold air, snow, and who knows what else into the living room.
The photo on the left just makes me cringe... it’s an air conditioner sleeve with no air conditioner and an embarrassing amount of insulation. This is not doing anything against allowing cold air to infiltrate and heat to escape.

On the right, this is an interior view of the basement sill, once again showing poor insulation. Notice the lack of insulation on the heating pipe.
A few more photos showing very poor attic insulation and high air infiltration through party wall cracks, etc.

It would be nice to have a **before and after photo**, but unfortunately you can’t get back up in the attic once the new insulation is blown in without trampling all over it

**Scope** – weatherstripping, attic insulation, attic airsealing, basement sill insulation, pipe insulation, lighting and fan upgrades, water efficiency upgrades, new refrigerators

The project is in week 17 of what will be a 20 week project.
One of the best things about this project happened about a month ago, when I got a call from Dana Nute who is the gentleman here in the middle of this photo, calling to say that US Senator Shaheen and the Asst Secretary at DOE want to visit Wingate.

We gave them a tour of the work and had some newspaper interviews... I’m not sure about Washington DC, but it’s a big deal in New Hampshire when the senator comes to visit... not to mention Cathy Zoi
Challenges for Multifamily WAP (cont’d)

– Capacity building for Sub-grantees and contractors

– Perception of landlord taking the money

– Eligibility / Benefits must accrue to residents

1. Capacity building for Sub-grantees and contractors
   1. Multifamily weatherization is different from single family – the systems are larger and more complicated, the buildings are different, and the contract price is certainly different –
   2. Multifamily weatherization requires a different set of skills for both the subgrantee and the contractor

2. Perception – The program is intended to benefit low income residents, and that’s the way it’s been running for the past few decades… many grantees and more-so the subgrantees don’t want to give the money to private multifamily owners.
   2. Many of them don’t think the program even allows for it...

3. Benefits must accrue to residents:
   1. The fact that benefits must accrue to residents is not a problem, but the challenge is in figuring out how to define benefits...
   2. DOE released guidance on this in April, which provides examples of tenant benefits.
   3. In Massachusetts, they interpreted these benefits very strictly, and they set a criteria for multifamily properties to receive funds where only properties in which tenants pay all utilities can apply
Challenges for Multifamily WAP

- State WAP Plans vs. Federal legislation
- Energy Audit Requirements
- Landlord/Owner Contribution
- Contracting and Project management
- Grant triggers tax liability for LIHTC developments

State specific plans vs. Federal legislation
  4. State Plans vary – especially related to multifamily weatherization

Energy Audit Requirements
  4. We’ve had a few interesting experiences with energy audits lately. We’re using the TREAT software for most of our audits, which we’re very familiar with...
  5. In one case, the audit did not include an escalation rate for energy.
  6. Audits are not yet standardized, and must be very carefully reviewed

Landlord/Owner contribution
  1. Sometimes this is not possible (when the property has a DSCR less than 1.0)

Contracting and Project management
  1. The contracting and payment of weatherization contractors is also a bit challenging.
  2. Procurement requirements – Davis Bacon Wage reporting, other bidding requirements
  3. Flow of money directly from subgrantees to contractors, but contract is between owner and vendor?

Grant triggers tax liability for LIHTC developments
  Example in DC Southern Hills – 225 unit low income property where tenants pay 100% of electricity, heat, AC, hot water...
  $1.1 Million grant awarded. Tenants get all the energy benefits. Owner would pay $400,000 in taxes
Multifamily weatherization should be separated from single family weatherization

A soft loan model is more effective than a grant model

Opportunity exists for a new weatherization financing model which combines federal funds with private capital

1. Multifamily weatherization should be separated from single family weatherization
   1. The weatherization program was not designed to address multi-families, and as a result it’s caused many headaches across the country by people trying to figure out how it might work.
   2. If the states and federal government clearly targeted production goals for both single and multifamily would also be valuable

2. A soft loan model is more effective than a grant model
   1. This gets back to the issue of tax liability for the owner, when the benefits are going to the residents

3. Opportunity for new weatherization financing model should be created to combine federal funds with private capital
   1. Winn is partnering with Enterprise Community Partners and others to pioneer new models.

In closing, I think everyone understands that the weatherization program is going through huge changes, and I think we’re all in agreement that the program has to be successful, responsive, and well orchestrated if the elevated levels of federal funding are to continue. We’re hopeful that the program will continue to evolve to support low income residents and specifically, the multifamily buildings and owners.