Agency Update:

Energy Performance
Contracting
at the
Department of Housing and
Urban Development (HUD)

ALLISON ACKERMAN

# Public Housing Program

The public housing program:

- Was designed to serve low and very low income families
- Provides safe, sanitary, and decent housing
- Serves approximately I out of every 4 families that need assistance
- Funds and oversees local public housing authorities (PHAs)

The average household income of families served \$14,721

# Public Housing Authorities

Public Housing Authority (PHA) - A State, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities, that is authorized to engage or assist in the development or operation of low-income housing under the 1937 Act.

- Nationwide there are approximately 3,000 PHAs that contain over I million units across 200,000 buildings
- PHA buildings range from single family homes to large high rise buildings

#### HUD's Relationship with PHAs

HUD funds and provides oversight for local PHAs

#### Local PHAs

- Are grantees of HUD
- Have a contract with HUD to operate affordable housing
- Comply with HUD rules, including contracting

Multifamily = private owner, not a PHA

# PHA Funding from HUD

#### I. Operating Funds

- Covers the day-to-day operation of a PHA including utilities, salaries, regular maintenance, etc.
- FY 2015 HUD spent approximately \$1.8 billion on common area utilities

#### 2. Capital Funds

- Covers capital improvements
- In the last decade, on average, Congress historically provided HUD approximately \$2 billion annually
- HUD estimates approximately a \$26 billion capital needs backlog

HUD uses Energy Performance Contracting (EPC) to lower utility costs and address Capital Needs

### HUD's Energy Performance Contracting (EPC) Program

- EPC = ESPC or UESC
- Regulation 24 § CFR 990.185
- PIH Notices ("Guidance"), explain program rules

Program	Notice
Energy Performance Contracting	PIH-2011-36 (HA)
Rate Reduction Incentive	PIH-2014-18 (HA)
Utility Partnership Program	PIH-2018-20 (HA)

HUD continually updates these documents to reflect the current program rules

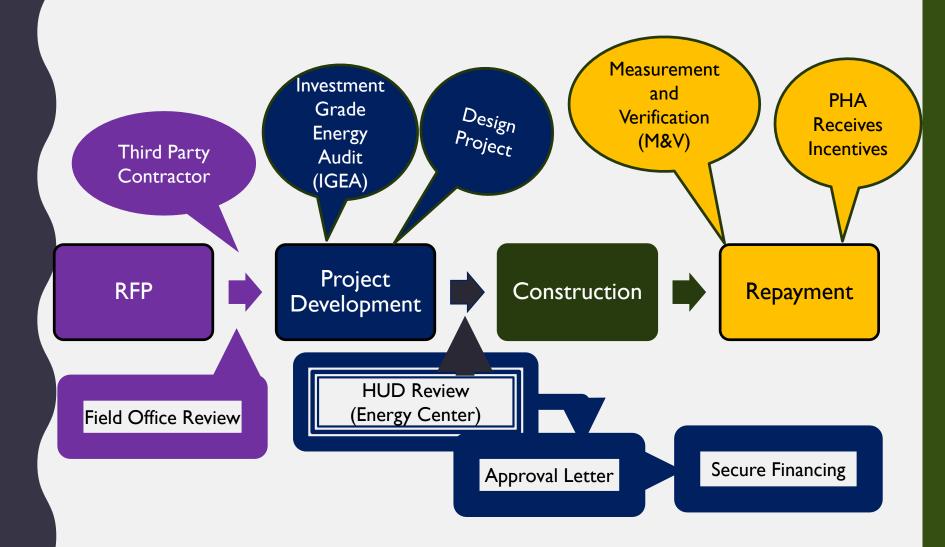
EPC contracts are with local PHAs not HUD

### EPC Program Rules

#### **EPCs**

- May be self developed by a PHA or use a 3<sup>rd</sup> party contractor. The 3<sup>rd</sup> party contractor may be:
  - An ESCO,
  - A Utility Company, or
  - An Energy Consultant to help the PHA navigate the process.
- May have a payback of up to 20 years
- Require HUD approval ahead of the PHA obtaining financing
- Require 3<sup>rd</sup> party (non HUD) financing which may include a combination of loans, grants, or utility rebates.

#### **HUD EPC Process**



#### Future Energy Program Needs

- Lower overall operational costs, including utilities
- Identify new partners to expand utility conservation projects, especially at small and rural PHAs

# Questions about HUD's EPC Program

Allison Ackerman
ALLISON.L.ACKERMAN@HUD.GOV
(202) 402-5445