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 1 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 1 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

1. 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

<table>
<thead>
<tr>
<th>Program</th>
<th>Notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Performance Contracting</td>
<td>PIH-2011-36 (HA)</td>
</tr>
<tr>
<td>Rate Reduction Incentive</td>
<td>PIH-2014-18 (HA)</td>
</tr>
<tr>
<td>Utility Partnership Program</td>
<td>PIH-2018-20 (HA)</td>
</tr>
</tbody>
</table>

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 3rd party contractor. The 3rd 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 3rd party (non HUD) financing which may include a combination of loans, grants, or utility rebates.
HUD EPC Process

RFP

Field Office Review

Third Party Contractor

Investment Grade Energy Audit (IGEA)

Design Project

Project Development

Measurement and Verification (M&V)

Construction

PHA Receives Incentives

Repayment

HUD Review (Energy Center)

Approval Letter

Secure Financing

Secure Financing

Approve Letter

PHI Receives Incentives

Construction

Measurement and Verification (M&V)

Design Project

Project Development

Investment Grade Energy Audit (IGEA)

Field Office Review

Third Party Contractor

RFP

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

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