

INTERNATIONAL
LIVING FUTURE
INSTITUTESM

GUIDE FOR GREENER QAPS

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INTERNATIONAL LIVING FUTURE INSTITUTE'S GUIDE FOR GREENER QAPS

INTRODUCTION

The Living Building Challenge **Affordable Housing Initiative** is a collaboration between the International Living Future Institute (ILFI or the Institute) and a leadership cohort of affordable housing developers and designers. The Institute is working to identify strategies to overcome social, regulatory, and financial barriers to providing equitable, healthy, and environmentally sustainable affordable housing. As part of this work, ILFI creates practical tools, policy guidance, frameworks, and case studies to make application of the Living Building Challenge standard possible for affordable housing and provides a network for sharing information amongst practitioners.

Through this Affordable Housing Initiative and in partnership with many local partners, ILFI works with state housing finance agencies (HFAs) around the country to incentivize energy efficiency and healthy materials in affordable housing projects. Where applicable, we focus on advocating for the integration of programs like the Living Building Challenge, Zero Energy Certification, Declare, and Enterprise Green Communities into HFA funding programs to ensure that affordable housing financing encourages energy efficient and healthy housing for all through the use of rigorous and accessible standards. (See sidebar to learn more about these and other ILFI programs that might be appropriate to incentivize.)

SELECT ILFI PROGRAM OVERVIEW

The Red List monitors worst in class chemicals found in commonly used building materials. The chemicals on the Red List pollute the environment, they are bio-accumulative, and are known to cause adverse health impacts during their throughout the lifecycle of building materials, including manufacturing, construction, occupancy and disposal.

Declare is the “nutrition label” for building products. Declare was designed to make material health and transparency easy to understand and implement. There are over 700 products currently that have active Declare labels.

Reveal is a transparency label that educates stakeholders about a building’s performance, boosting its visibility, transparency and sustainability profile.

Zero Carbon Certification (ZC) is the first worldwide third-party certified Zero Carbon standard. It is a broad-based tool for recognizing highly efficient buildings that offset their operational and embodied carbon.

Zero Energy Certification (ZE) is the world’s only performance based standard for buildings that consume zero energy on a net annual basis.

Core Green Building Certification (Core) is a simple framework that outlines the 10 best practice achievements that a building must obtain to be considered a green or sustainable building.

Living Building Challenge (LBC) is the world’s only holistic, regenerative, performance-based green building certification standard. The Living Building Challenge is broken up into seven Petals, or performance areas: Place, Water, Energy, Health + Happiness, Materials, Equity, and Beauty. Project teams may pursue Petal or Living Certification, depending on the number of Petals achieved.

INTRODUCTION, CONTINUED

Over the course of this three year effort, the Institute established relationships with and advocated to eleven state HFAs and one district, as shown below and listed at right.

ILFI Outreach, summarized by state: Alaska, California, Colorado, District of Columbia, Illinois, Kansas, Michigan, Missouri, Oregon, Pennsylvania, Texas, Washington

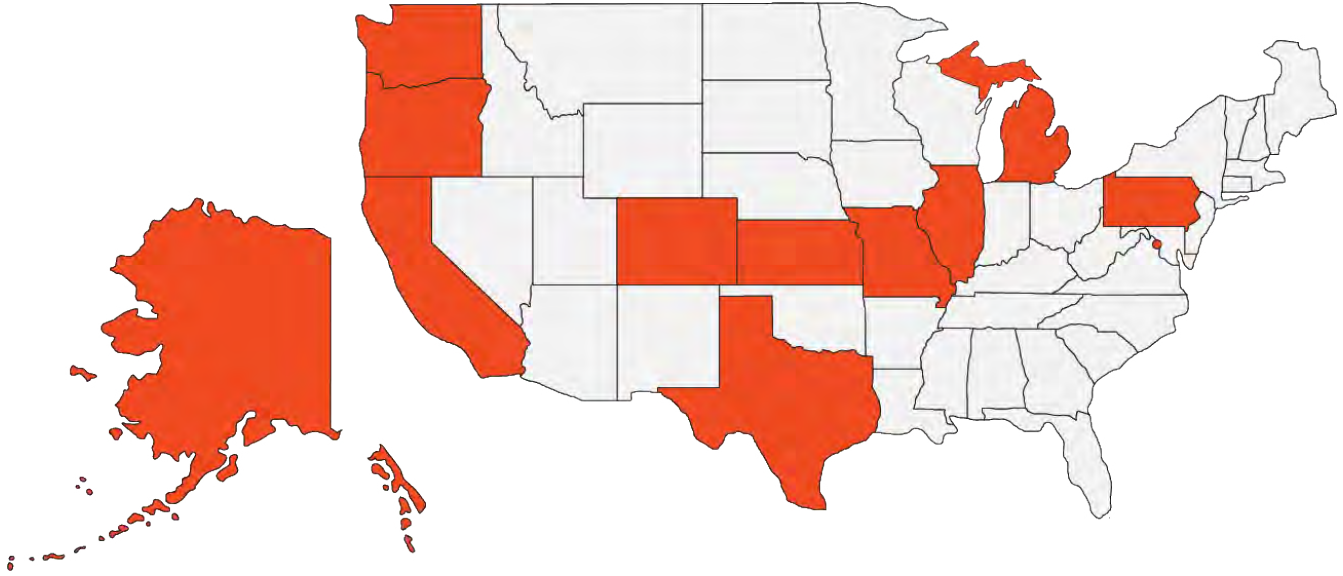


Figure 1. Map of ILFI's HFA Outreach Efforts

The work that we did with these state and district HFAs forms the basis of this Guide for Greener QAPs. This guide summarizes the lessons learned into eight steps, and illustrates how our network of volunteers can join with existing on-the-ground advocates in their own state to provide financial incentives for Living Affordable Housing. The nine steps are:

- STEP 1: READ THROUGH THE EXISTING QAP**
- STEP 2: MAKE CONTACT**
- STEP 3: ESTABLISH TIMELINE + GATHER INSIGHT**
- STEP 4: DEVELOP A STRATEGY**
- STEP 5: TAILOR LANGUAGE**
- STEP 6: MAKE THE CASE**
- STEP 7: IMPLEMENT**
- STEP 8: MONITOR SUCCESS + REVIEW UPDATES**

QUALIFIED ALLOCATION PLANS

Many affordable housing projects receive a significant portion of their funding through federal low-income housing tax credit (LIHTC) programs administered by state housing finance agencies.

Once or twice a year state housing finance agency tax credit programs accept project applications and distribute awards. To aid in the selection process, HFAs create qualified allocation plans (QAPs) typically with lists of criteria and associated point values. These QAPs have a significant influence on the type of housing that gets built and can be used to incentivize certain building types and features. Many HFAs have found that adding sustainability criteria to their QAPs, like requirements to utilize Enterprise's Green Communities Criteria, can be an effective method to encourage projects to consider health and sustainability.

For more information about low-income housing tax credits and the QAP process, see "[An Introduction to the Low-Income Housing Tax Credits](#)" from the Congressional Research Service.

EIGHT STEPS TO FUND SAFE, SUSTAINABLE AFFORDABLE HOUSING

There is ample opportunity to advocate for green and healthy building incentives within state housing finance agencies around the country. According to research collected by BlueGreen Alliance, 12 states around the country have no form of green building incentives in their QAPs, while many more have only weak or vague mentions. Pulling from the Institute's experience over the last three years, the following steps will help enable success for anyone interested in advocating for changes to their state's QAP process, with the goal of making sustainable and healthy affordable housing competitive for financing. Note that each state is unique - when in doubt, defer to the strategy offered by local activists and affordable housing developers.

STEP ONE

READ THROUGH THE EXISTING QAP

Every QAP is different, and a deep understanding of each unique structure is helpful in order to successfully advocate for change. QAPs can be found on each state's housing finance

agency's website, or by searching Novogradac's database. This database also includes historic QAPs, which may be useful in your research. Note that some states call their QAPs by different names. In Washington State for example, the QAP is referred to as "program policies."

There are two types of low-income housing tax credits - 4% and 9%. In general, the 9% credit is for new construction and rehabilitation projects, can provide much more access to funding (up to 70% of the project's eligible development costs), and is significantly more competitive. Conversely, the 4% tax credit tends to be for renovation projects, provides a subsidy up to 30% of the project's qualified basis, and is substantially less competitive. There are typically separate allocation processes for the 4% and 9% tax credits. As part of the conversation about strategy, a team of advocates may choose to target one or the other, but early in the process it is important to read and understand both.

Different states evaluate projects differently - while reading through the QAP pay attention to that state's approach. Most states (such as California) use a point-based system, wherein projects receive a certain number of points for each attribute they achieve. As you can see in the section below, pulled from California's 2020 - 2021 QAP, projects achieving certain sustainability standards (including the Living Building Challenge) will receive five additional points - or six with the addition of WELL Certification.

(5)	Sustainable building methods.	Maximum 5 points
	Sustainable building methods points shall be awarded to applicant projects committing to the following applicable standards. Except where 90 percent (90%) or more of the proposed units consist of either new construction or rehabilitation, projects consisting of both (i) new construction or adaptive reuse and (ii) rehabilitation of existing units shall be scored on meeting applicable standards for both construction types. In such cases, points shall be awarded based upon the lowest score achieved by each construction type. The application shall include a statement committing the property owner to at least maintain the installed energy efficiency and sustainability features' quality when replacing any such feature.	
(A)	New Construction and Adaptive Reuse Projects: The applicant commits to develop the project in accordance with the minimum requirements of any one of the following programs: Leadership in Energy & Environmental Design (LEED); Green Communities; Passive House Institute US (PHIUS); Passive House; Living Building Challenge; National Green Building Standard ICC / ASRAE - 700 silver or higher rating; or the GreenPoint Rated Program.	5 points
	WELL (when not combined with the program above)	1 point

Figure 2. Excerpt from California's 2020 - 2021 Qualified Allocation Plan, <https://www.treasurer.ca.gov/ctcac/programreg/2020/20200414/clean.pdf>

Once a project achieves a minimum threshold of points, the project becomes eligible. The higher the number of points (rating), the more likely a project is to receive tax credits. Pay attention to the total number of points available - this will help later, when deciding how many points to suggest be attributed to each sustainability feature.

The priorities of the state’s HFA are especially important to understand. These aren’t always stated explicitly in the QAP and may need to be inferred via the point allocation or determined with additional research. The QAP may also point to accompanying documents that need to be reviewed, like energy conservation policies, design and construction manuals, funding applications, and underwriting guidelines. Generally, the priorities will focus on housing certain populations or building in specific neighborhoods. However, occasionally there will be a stated intent to create more sustainable or healthy housing. If nothing is mentioned specifically in the QAP, don’t be discouraged. Some states (like Colorado) explicitly tie their QAP to their state’s climate goals. Research if the state has a carbon reduction goal, or any published language about environmental justice. This would be good information to store for reference in “Step Six – Make the Case.” Finally, not every state will be ready to adopt one of ILFI’s programs. Partner with local advocates to find a starting point and work from there.



STEP TWO

MAKE CONTACT

After becoming well-versed in the state’s QAP language, it’s time to make contact with the HFA. Finding the right contact is important. If the HFA has an energy efficiency or sustainability department, that is a good place to start. Otherwise, find the person who manages the annual or biannual updating of the QAP. Often this person and their contact information will be listed directly on the page with the QAP policy.

The best way to establish a connection with someone at an HFA is through a mutual contact. Most affordable housing developers will have a person that they work with at the HFA – leverage these relationships to demonstrate a working relationship with affordable housing developers in the community. Each email introduction should include the topics for discussion—tax credit structure, priorities, and update timing—along with a reference to the developer that referred you.

STEP THREE

ESTABLISH TIMELINE + GATHER INSIGHT

One of the more confusing aspects of the QAP process is the schedule for updating the language in the programs.

The updating process varies from state to state; some modify their programs annually, others every two or even four years. Some are open for public comment for one month, others for several months. Understanding the timeline specific to each state is crucial to plan a strategy in “Step 4 - Develop a Strategy.”

Occasionally, state HFAs will publish their schedule in advance on their website, but often this information is difficult to find. Thus, this will be one of the first things necessary to discuss during the call with the HFA. Note when the next update is due and when the agency will accept public comments. Be sure to also note if comments will be accepted in-person during testimony and/or virtually, via email or an online form.

After clarifying the state’s QAP update timeline and comment process, use the discussion time with the HFA to gather additional information about:

- The state’s priorities;
- What areas of the QAP they are looking to update or alter;
- What type of comments will be most successful in affecting change.

For example, some states will only consider comments that are backed or agreed upon by several industry groups, so they know the changes will be widely accepted and employed. Other state HFAs want to lead the market by example and don’t need as much input from developers in order to consider implementing sustainability or healthy material incentives. Draft comments alone might not even be enough to implement change - some additions to the QAP are the result of years of advocacy and partnership. The insights gained from conversations with the HFA are invaluable in developing a strategy.

DEVELOP A STRATEGY

The shape of the strategy will depend on the information obtained from the conversation with the state HFA, along with insights collected from local advocates and affordable housing developers. It’s important to advocate for green building incentives that will not only be accepted by the state HFA, but that will be embraced and used by the development community. There are many considerations at this stage in the process, but the big question is: “How might I make the most impact and transform the industry?” Successfully inserting a green building incentive will be ineffective if the incentive is too small to encourage developers to implement that green building strategy. (See the example from the District of Columbia explored in “Step 9 —Monitor Success + Review Updates”.) Look for balance here, and use all the research and insight gained in previous steps.

First, decide what type of green building features will be most effective. The bulk of the Institute’s efforts in this realm have been focused on requirements and

criteria for improving energy efficiency and including healthy materials. Advocates can choose one or both, depending on what already exists in the QAP, or (ideally) set their sights on a more comprehensive approach, like incorporation of incentives for achieving Core Green Building Certification or the Enterprise Green Community Criteria, which include energy and water efficiency requirements as well as healthy material and other green building requirements. The advocacy request should be realistic - if the state does not already include energy efficiency standards, they likely aren’t going to include a requirement for zero energy. But if the state has incentives for LEED certification, it’s a reasonable step to ask for an additional incentive for achieving Zero Energy, Core, or Living Building Challenge certification.

STEP FOUR

At this step, the advocate must also choose whether they want to target the 4% or 9% tax credit policies (or both), whether the sustainability features should be required or optional, and whether they want to reference a performance goal or a third-party certification standard. Some guidance on these questions is included below.

4% OR 9% TAX CREDIT?

If it's unclear whether the state will embrace the suggested incentives, or if the state might respond well to a pilot stage, targeting the 4% tax credit can be a good place to start. States often use the 4% tax credit to test out possible incentives. The most successful incentives then make their way into the more competitive 9% level once the incentives have been proven effective at the 4% level.

If there is already local support from developers, and some infrastructure already exists for the proposed incentives, targeting the 9% tax credit will result in greater impact on the local affordable housing building stock. Since this program is more competitive, developers will be looking for opportunities to improve their odds at funding, and are therefore more likely to implement sustainability and health incentives to get the extra points or higher rating.

REQUIRED OR OPTIONAL?

Most sustainability features will be listed as optional in a QAP, and the uptake will be dependent on the number of points granted (or the weight given to that particular feature, if the QAP is qualitative). If the state's QAP is quantitative, carefully evaluate how many points to request. Generally, the effort required by the green building attribute should roughly match the number of points that the project team will receive. In this way, a tiered system (see example in the next section) is recommended. Another approach is to move a sustainability feature from being "eligible for points" to being a threshold requirement.

It is unlikely that sustainability features will receive more than 10% of the total points available – there are many competing needs in affordable housing, and HFAs work to ensure all are addressed through the QAP criteria. Adding up the total points available and dividing by 10 should give you a rough estimate of the maximum number of points that are likely to be allocated for energy efficiency and/or healthy materials and other green building features.

THIRD PARTY OR HFA VERIFIED SUSTAINABILITY ATTRIBUTES?

As an issuer of third party verified standards, ILFI advocates for the inclusion of such programs in appropriate QAPs. However, some states have policies (implicitly or explicitly stated) to discourage preference or referencing any one certification program over another. In these states, a partnership/coalition with other local and national certifiers (see "Step Seven - Build a Coalition") is recommended to demonstrate unity in the market. Alternatively, a focus on attributes of sustainability that can be verified by the state HFA itself, like an energy audit and Energy Use Intensity (EUI) reduction, or using low-VOC finishes or Red List free materials can be effective.

In general, the Institute finds that incentives are more easily implemented by project teams when the HFA references a third party verified standard – there is less confusion about expectations and less concern about HFAs needing to hold project teams accountable. If the state HFA does not have someone on staff that is able to or has the capacity to assess the projects pursuing these points, it's a good idea to look to a third-party certification entity to provide that corroboration instead.

STEP FIVE

TAILOR LANGUAGE

With an established relationship at the HFA, understanding of the state’s QAP timeline and priorities, and a strategy for making the most impact, it’s time to draft the proposed incentive language.

Over the course of the last three years of QAP advocacy work, the Institute has developed a tiered approach for both energy efficiency and healthy materials. The recommended point values will differ from state to state, and there are often opportunities to include other green building standards, but the structure of our advocacy remains roughly the same state-to-state. (See Table 1 and 2, below, for the recommended tiers.)

These tiers can be used as a starting point to develop proposed incentive language specific to the state in which you’re working.

In some cases, a state HFA may be interested in ILFI’s programs but prefer to develop their own incentive structure. In these cases, the team of advocates can provide thorough descriptions of ILFI’s programs with suggested incentive levels linked to the HFA’s priorities.



Figure 3. Sample Declare Label

Table 1. Healthy Materials Incentives Recommended for Washington State Tax Credit Policies

TIER ONE - 5 POINTS	TIER TWO - 10 POINTS	TIER THREE - 15 POINTS
<ul style="list-style-type: none"> All air sealing materials meet SCAQMD VOC limits All insulation materials meet CDPH testing requirements for off-gassing Projects contain a minimum 5 Declare labels 	<ul style="list-style-type: none"> All interior products with the potential to emit are free of red list ingredients Projects contain a minimum of 10 Declare labels 	<ul style="list-style-type: none"> All products comply with the Living Building Challenge Red List Projects contain a minimum of 20 Declare labels

Table 2. Energy Efficiency + Zero Energy Incentives Recommended for Washington State Tax Credit Policies

TIER ONE - 5 POINTS	TIER TWO - 10 POINTS	TIER THREE - 15 POINTS
Energy Efficient <ul style="list-style-type: none"> US DOEZER Reveal Label w/ Targets Achieved 	Zero Energy Ready <ul style="list-style-type: none"> PHIUS/PHI ILFI Zero Carbon Certification 	Zero Energy <ul style="list-style-type: none"> ILFI Zero Energy Certification

STEP SIX

MAKE THE CASE

After drafting the proposed language, it's time to make a convincing case. In short, plan to draft a letter of support that can also be delivered in the form of verbal testimony.

In order to successfully make your case, you will need to leverage others. As this guide suggests, you should have been plugging into and working with a coalition of local stakeholders and developers throughout this process. Now is the time to mobilize that team of like-minded developers, environmental justice and healthy homes advocates, and non-profit organizations. If the state is part of Energy Efficiency for All (EEFA, [check here](#)), work with the local EEFA group to make sure they are on board. If the state has a project that's participating in the Institute's Affordable Housing Pilot Program ([check here](#)), recruit them and ask if they know of other local developers that would be interested in signing on. The larger and more diverse the stakeholder coalition, the more likely it is that the incentives will be adopted.

Crucially, when working with these potential partners, give them the opportunity to have their specific priorities addressed and to amend the proposed incentive language and letter accordingly. There will always be some give and take as a strong coalition is built. See the case study on page 14 for an example of coalition building in Washington State that resulted in the successful implementation of zero energy incentives in the local 4% QAP.

The Institute has a number of resources to assist in development of a framework for discussing the importance of healthy materials and energy efficiency in affordable housing. The first, and most comprehensive, is the Institute's 2019 [Living Building Challenge Framework for Affordable Housing](#). This free resource contains 200 pages of case studies, research, strategies, and rationale for affordable housing developers looking to incorporate elements of the Living Building Challenge into their projects.

In addition, below are two memos used by the Institute to advocate for healthy materials and energy efficiency in Washington State. Again, these can be used as examples and modified to incorporate specifics to the local context as well as any other lessons learned from the discussion with the HFA and other grassroots advocates in your state.

INCENTIVIZING HEALTHY AFFORDABLE HOUSING USING QAPS

THE PROBLEM

Low-income families disproportionately suffer negative health effects from poor air quality and exposure to high levels of toxins. Incentivizing sustainable, healthy affordable housing will have a substantially positive effect on some of our most vulnerable populations.

Affordable housing projects have a long history of substandard materials that have a negative impact to occupant health¹, and concerns about toxins in affordable housing continue today. Over one million children in the United States have lead levels in their blood that impact brain cognition and development. Lead-based paint and other building materials are significant contributing factors². Further, a recent report from the Healthy Building Network identified a number of common building materials that have been connected to a growing epidemic of asthma in the US, with the greatest impact on low-income and minority populations³.

1 National Center for Biotechnical Research, <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447157/>

2 National Center for Biotechnical Research, <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447157/>

3 Lott, Full Disclosure Required: A Strategy to Prevent Asthma Through Building Product Selection, <http://www.healthybuilding.net/uploads/files/full-disclosure-required-a-strategy-to-prevent-asthma-through-building-product-selection.pdf>

These impacts are compounded as energy efficient buildings become the norm for developers. There is no question that investing in energy efficiency upgrades delivers substantial financial, health, and environmental benefits to building owners and residents. Robust evidence demonstrates that interventions such as weatherization and energy efficiency upgrades, particularly in poor quality housing, can significantly and positively impact residents’ thermal stress, asthma symptoms, and energy costs. What is far less understood and addressed, however, are the adverse health impacts created by chemical emissions from some of the materials commonly used for these upgrades. These materials often contain persistent, bioaccumulative and/or toxic chemicals and are either evidenced or suspected to be asthmagens, reproductive or developmental toxicants, endocrine disruptors, or carcinogens. Moreover, it’s not just the building’s residents who are endangered. These chemicals of concern can also pose threats to the workers who manufacture, install, and dispose of these products, to the communities adjacent to these facilities, and to the broader environment. These people are often low-income workers in low-income neighborhoods, many of whom are some of our most vulnerable with limited access to health care. Thus, incentivizing healthy materials in affordable housing creates a ripple effect throughout the state, benefiting the health and wellbeing of all people.

While the Health and Materials requirements within the Enterprise Green Communities Criteria have already resulted in significant changes in the past decade, progress continues to be impeded by a lack of transparency in the market as well as both perceived and actual increase in first costs for healthier materials. The affordable housing industry presents a critical opportunity to affect large-scale change in the materials marketplace. Since its establishment in 1986, the Low-Income Housing Tax Credit program has resulted in the construction of more than 2.5 million units of housing and produces as many as 100,000 jobs each year. In an era of increasing income inequality and urbanization, the number of affordable housing projects is likely to grow⁴. The way that these tax credits are distributed can make a significant difference in the quality and safety of the affordable housing stock.

The International Living Future Institute’s Declare Label offers a framework to ensure healthy, non-toxic materials are used in affordable housing projects. Products that have a Declare label clearly indicate if the product contains ingredients from the Red List – a list of worst in class materials in the building industry.

POLICY PROPOSAL

We suggest adopting a new Allocation Criteria within the 2018 Tax Credit Policies, using Declare Red List Free products, South Coast Air Quality Management District’s (SCAQMD) Volatile Organic Compound (VOC) limits, and the California Department of Public Health testing protocol as metrics for receiving additional points.

Specifically, we recommend the following tiered point system:

TIER ONE - 5 POINTS	TIER TWO - 10 POINTS	TIER THREE - 15 POINTS
<ul style="list-style-type: none"> All air sealing materials meet SCAQMD VOC limits All insulation materials meet CDPH testing requirements for off-gassing Projects contain a minimum 5 Declare labels 	<ul style="list-style-type: none"> All interior products with the potential to emit are free of red list ingredients Projects contain a minimum of 10 Declare labels 	<ul style="list-style-type: none"> All products comply with the Living Building Challenge Red List Projects contain a minimum of 20 Declare labels

4 “America’s Thorny Affordable Housing Crisis.” Fortune. <http://fortune.com/2014/03/25/americas-thorny-affordable-housing-crisis/>

INCENTIVIZING ZERO ENERGY AFFORDABLE HOUSING USING QAPS

THE PROBLEM

The climate crisis poses the most urgent threat to the planet's ecosystems and its people, with disproportionate impacts on frontline communities. Unfortunately, we are not decarbonizing the built environment fast enough to limit global warming to "well below 2 degrees C above pre-industrial levels" as outlined in the Paris Climate Accord. Incentivizing zero energy (ZE) affordable housing not only advances Washington's commitment to deep decarbonization via the Under 2 Coalition (signed by Gov. Jay Inslee in 2015), it lowers utility and operating costs over the course of ownership, benefiting both developers and residents.

Utility bills remain a significant and inconsistent variable in many family budgets. This causes significant stress for some of the most vulnerable communities: low-income, under-employed, and those with disabilities. As we continue to deplete our store of fossil fuel resources, energy prices will rise in the long term, while prices for renewable energy systems, especially photovoltaic panels and energy storage systems, will decline¹.

Affordable housing residents and developers will find significant relief from insecurities that come with rising energy bills if they live in and operate ZE affordable housing. Further, onsite energy generation through photovoltaic panels paired with storage capacity increases a community's resilience during times of disaster or energy price spikes. Solar energy and other renewable energy options also provide local jobs through on-site installation and maintenance, while creating the potential for regional manufacturing.

POLICY PROPOSAL

Washington's HFA has the ability to assign points to various Allocation Criteria, guiding potential affordable housing projects to promote Washington's housing priorities. These Criteria include serving special needs populations, securing additional funding sources, serving targeted areas and providing eventual resident ownership. Points range in value from 2 - 60, and a minimum number of points is required to apply for LIHTC funding (139 points in King County, 134 in Metro and non-Metro Counties). The number of points each project receives will impact the ranking of their application for Low Income Housing Tax Credits (LIHTC).

Currently, LIHTC-funded affordable housing projects are required to meet the Evergreen State Development Standard and are granted an additional 2 points for meeting the Energy Consumption Model Allocation Criteria. With these two conditions, The Washington State Housing Finance Commission (WSHFC) has clearly established that they are invested in energy performance. However, a key opportunity to spur adoption of cost-effective zero energy buildings is being missed.

We suggest adopting a new Allocation Criteria within the 2018 Tax Credit Policies, using the Bonneville Power Authority's (BPA) Current Qualified Programs List (QPL) as the basis of a tiered energy efficiency point bonus. The programs on the QPL have been vetted by the BPA to be 10 - 25% better than Washington Energy Code, corresponding to their respective tier. We suggest adding a third and highest tier to this slate of certification programs for ILFI's Zero Energy Certification, Built Green's Net Zero Energy Label, and PHI/PHIUS projects that demonstrate zero energy performance using ILFI's Reveal Label. The points would range from five for the first tier, ten for the second, and fifteen for the top tier.

¹ Rocky Mountain Institute. http://www.rmi.org/electricity_grid_defection

The Qualified Programs List with our suggested addition is below.

TIER ONE - 5 POINTS	TIER TWO - 10 POINTS	TIER THREE - 15 POINTS
<p>Energy Efficient</p> <ul style="list-style-type: none"> • US DOEZER • Built Green 4 Star • Reveal Label w/ Targets Achieved 	<p>Zero Energy Ready</p> <ul style="list-style-type: none"> • PHIUS/PHI • Built Green 5 Star 	<p>Zero Energy</p> <ul style="list-style-type: none"> • ILFI Zero Energy Certification • Built Green Net Zero Energy • PHI/PHIUS + Reveal Label showing ZE

Additionally, projects will receive one point for committing to energy performance disclosure after one year of building operations. ILFI’s energy performance transparency program, Reveal, is a mechanism to provide independent review and public disclosure of energy performance based on 12 months of post occupancy data.

This policy proposal is patterned after the highly successful Passive House policy at Pennsylvania Housing Finance Agency (PHFA). In its LIHTC decision making, PHFA awards 10 extra points out of a total of 130 for affordable housing projects that incorporate Passive House. It is voluntary for a project team to incorporate Passive House design, but doing so confers competitive advantage in the award of LIHTC. Thanks to this policy, nearly 20 Passive House affordable housing projects are now underway in Pennsylvania. The projected construction cost differential between proposed Passive House projects and proposed conventional projects is less than 2%. We believe that a similar incentive for Zero Energy programs will result in similar impacts.

A similar policy in Washington would provide competitive advantage to ZE and ZE-ready buildings, prove the affordable nature of ZE buildings, and help spur market transformation toward ZE building, providing equitable access to healthy and resilient buildings.

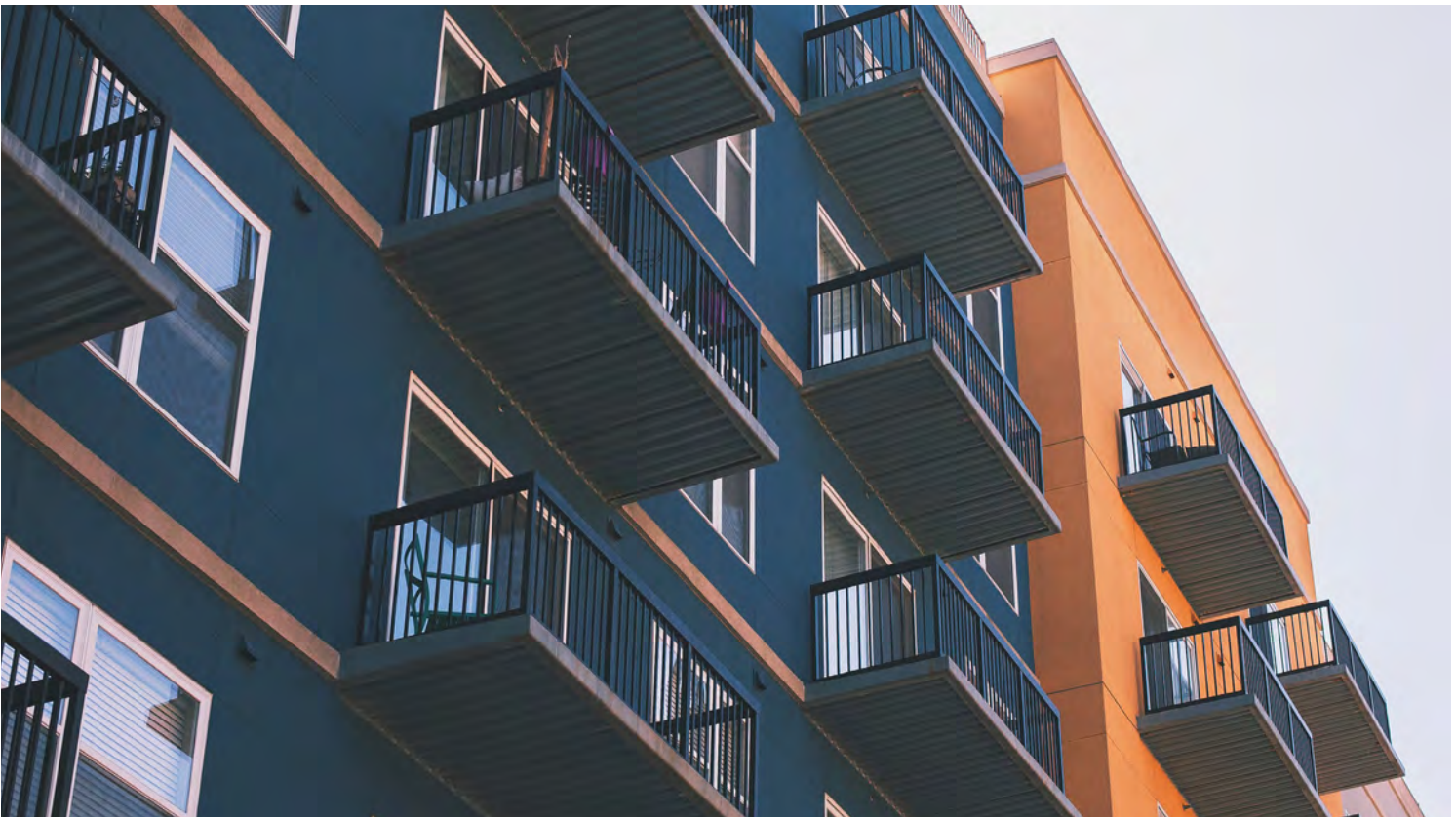
CASE STUDY: WASHINGTON

The energy efficiency letter for Washington above lists several other certification entities, including Passive House Institute US and Built Green, the green home building certification issued by the Master Builders Association of King and Snohomish Counties. Working with these two organizations to develop a fair and impactful tiering of incentives, and then presenting a united voice to the Washington State Housing Finance Commission (Commission), was critical to the successful implementation of these incentives in 2018.

This group of standards issuers first contacted the Washington Housing Finance Commission to develop a proposal for the introduction of green building standards into the 9% tax credit program policies (in Washington, the QAP is called program policies). After considerable internal discussion, the decision was made to focus on Zero Energy programs specifically. In collaboration with Built Green and Passive House Institute US, tiered incentives for “Zero Energy” and “Zero Energy Ready” were created.

In order to test out these incentives, the Commission adopted them into the 4% tax credit program policies. The Commission members were more comfortable with this, as it allowed them to pilot the incentives and collect feedback from their community. The Zero Energy Ready level was given 3 points and the Zero Energy level was given 5 points. Project teams are required to achieve a minimum of 40 points to be eligible for the tax credit, so projects that pursue Zero Energy certification can check off almost 13% of their points.

The next step for the Institute is to work with the Commission members on the 2020 update to evaluate the success of the incentives at the 4% level and ideally introduce them into the more competitive 9% tax credit, where teams can apply for substantially more tax credits.



STEP SEVEN

IMPLEMENT

By now, the advocacy team will have submitted letters making a persuasive case and organized other partners to do the same.

Hopefully at this point, the HFA is convinced that healthy and sustainable affordable housing is something they can and should incentivize in the state through the QAP process.

If the HFA does not adopt the proposed language, don't be discouraged! There will be another opportunity to submit draft language in the next round of updates. In the meantime, the advocacy team should invest time in building a stronger relationship with the HFA and gaining a better understanding of the state's housing perspective and priorities.

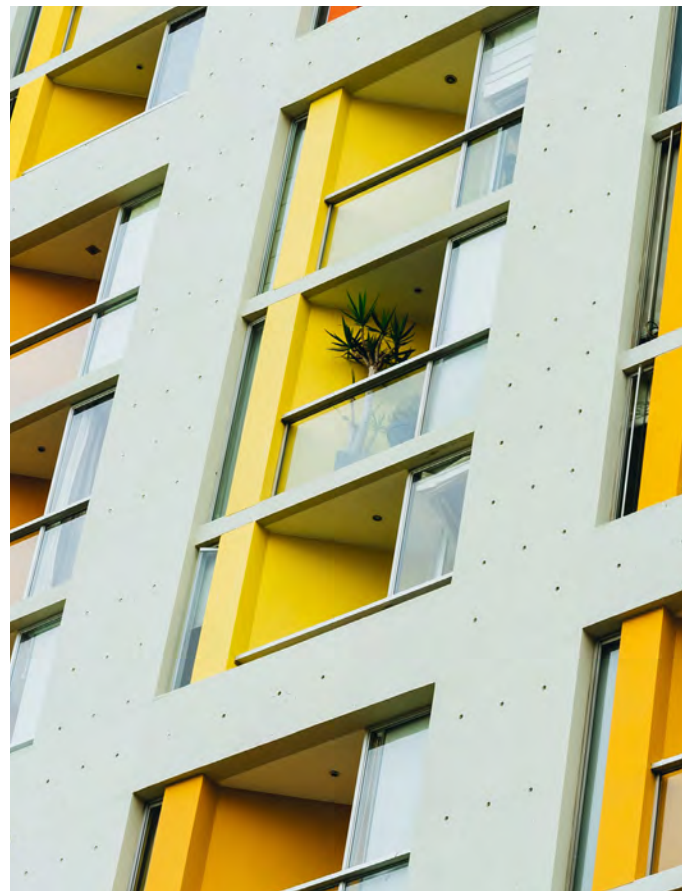
Assuming the HFA has adopted the suggested incentive language, the next step is to ensure that tools and processes are in place to implement the incentive successfully. Most of this work will be done by the HFA, but there may be opportunities for engagement or assistance from the team of advocates that initiated the incentives, especially around raising awareness about both the incentives and how to implement the incentivized green building strategies. For example, the team of advocates could conduct a series of presentations for affordable housing developers and practitioners to ensure they are aware of the new incentives. Additional education could also be presented on healthy materials and energy efficiency and the best strategies, tools, and resources of success in affordable housing. When developing such education consider different delivery formats such as handouts and pamphlets as well as audio, video, or in-person presentations.

Implementation is more than just education. It also includes the process by which affordable housing project teams apply for and show compliance with the incentives/points. Ideally this process will be clearly articulated and not cumbersome to complete. A state's HFA is responsible for this step and may or may not want input on how best to accomplish this.

Some important questions to consider in establishing the implementation process are listed to the right. The advocacy team can help by being prepared with suggestions and/or examples from other states if the HFA is open to input.

- How and when will project teams be required to think about including the green building strategies?
- Who is qualified to verify whether the strategies will adequately meet the performance goals, and who will be required to employ their services?
- What are the consequences if a project falls short of its performance goals?

A great example of a successful implementation process is found in Colorado. The Colorado Housing and Finance Authority (CHFA) requires "an experienced green building design specialist participating at every stage," because they've seen that bringing an expert in too late in the design process results in a failure to meet the sustainability goals - see case study on the next page.



CASE STUDY: COLORADO

The 2019 Colorado Housing Finance Agency requires a “self-certification” for the affordable housing project teams that are pursuing the QAP points for green buildings. In this way, they don’t rely on a third-party verification standard but also don’t require highly trained staff at the CHFA to audit the projects. This self-certification has three steps:

1. A Preliminary Application which must be completed prior to the allocation of tax credits
2. A Carryover Application which must be completed within 13 months of credits being awarded
3. A Final Application which must be submitted after the applicant implements all of the project’s green features.

Crucially, the Preliminary Application encourages the use of one or more integrated design charrettes. The project team must also submit several sheets from the Enterprise Green Communities Certification Workbook, a resource that is used as a reference throughout the application process.

For project teams that are interested in pursuing third-party verification instead of self-certification, CHFA also offers the alternative of certification through LEED.

STEP EIGHT

MONITOR SUCCESS + REVIEW UPDATES

After the policy has been integrated into the QAP, it is important to monitor the success of the sustainability incentives. Incentives may not be utilized by affordable

housing project teams for a number

of reasons, and it is important to understand these so that appropriate modifications can be made in the next round of QAP updates. For example, one reason incentives may not be adopted by affordable housing developers is because the incentives provided weren’t commensurate with the amount of capital investment or risk needed to meet the requirements. In this case, interviews with local developers about what it would take for them to pursue the incorporation of healthy materials and energy efficiency strategies into their projects would be useful.

Alternatively, developers may not be adopting incentives because they are not aware of them. If this is the case, advocacy teams can work with the HFA and local sustainable design firms to host informational sessions or webinars with additional information and resources. It’s difficult to track all the QAP updates, and affordable housing developers don’t always have the capacity to research each new incentive specifically. Therefore, it’s important that outreach and education be a part of the effort to engage developers in pursuing the incentives.

If the incentives aren’t being adopted by developers, the state HFA might consider removing them. Advocates must join together to convince the HFA to keep the incentives in place and/or increase their point values to make them more attractive. The state HFA will publish a draft of the changes they anticipate making each year in order to open the updates up for public comment. Monitor these drafts to see what, if any, changes the HFA plans to make to the sustainability incentives. See the case study from the District of Columbia on the next page for an example.

CASE STUDY: DISTRICT OF COLUMBIA

The DC Housing Finance Agency has included incentives for Passive House and the Living Building Challenge in their QAP since 2017. Due to a lack of uptake for these incentives, their 2019 QAP draft reduced the number of points that a project pursuing these certifications would receive, from 5 points to only 3. The Institute, in partnership with several design firms that specialize in sustainable affordable housing and along with the BlueGreen Alliance and USGBC submitted comments to the DC Department of Housing and Community Development requesting that the number of points provided to project teams actually increase to 10 points to make the incentive better match the effort required. The letter submitted by the Institute is below.

June 21, 2019

Department of Housing and Community Development
1800 Martin Luther King Avenue SE
Washington, DC 20020

Dear Mayor Bowser, Director Donaldson, Senior Advisor Pelletiere, and D.C. Stakeholders:

Thank you for providing this opportunity to comment on the draft 2019 Low-Income Housing Tax Credit Qualified Allocation Plan. For a decade, the International Living Future Institute has been leading the transformation towards a built environment that is socially just, culturally rich and ecologically restorative. DHCD's Qualified Allocation Plan plays a vital role in setting guidelines for the allocation of Low Income Housing Tax Credits and also has the ability to drive innovation and demand for better built homes and communities in the District of Columbia.

We applaud the District's landmark Green Building Act requirements for DC-Government-financed projects to meet Enterprise Green Communities, LEED for Homes, or LEED for Multifamily Midrise—all of which include robust reporting, inspections and verification of green and energy features. However, we were discouraged to see the draft of the 2019 QAP had a reduction of points, in comparison with the 2017 QAP, awarded to buildings seeking to go above and beyond the legal requirements in the District and deliver higher performing buildings than are mandated by the Green Building Act.

We at the Institute believe that the benefits of green building—in particular the reductions in energy and water utility costs and healthy indoor air quality—should accrue to all residents in the District, regardless of their income status. In fact, utility and health related costs are the next highest costs for low-income individuals after rent/mortgage payments. Controlling these costs is essential to maintaining affordability in the District. The incentive points in the QAP are an excellent mechanism for supporting developers that want to do right by their residents.

Therefore, we believe that the Green Building Incentives should actually be increased to 10 points, not decreased, for

projects that achieve Living Building Challenge, Net Zero Certified, or Passive House standards. Buildings constructed to these standards use significantly less energy and require less maintenance than typical buildings. The superior quality and efficiency of the building enclosure maintains consistent interior temperatures far longer than a code-built building, making them naturally resilient. Further, these projects could achieve an 80% or more reduction in energy costs and a corresponding steep reduction in carbon and greenhouse gas emissions. For income-restricted residents the utility savings could be life changing. In properties with owner-paid utilities, these savings can be reinvested in critical wraparound services such as afterschool care, job training, and other services frequently provided by the city's affordable housing providers.

In addition to supporting affordability, these high-performance standards will help the District achieve your ambitious carbon neutrality by 2050 target and prepare for the net-zero energy building codes scheduled for implementation by 2026 in the Clean Energy DC Plan. To meet these goals, it is critical to begin building local capacity for designing and constructing ultra-low energy and water use buildings. By awarding ten points in the QAP for these standards, DHCD will be providing a strong incentive for development teams to innovate, test options, make design alterations, and seek out the best and most cost-effective high-performance design solutions at very early stages of design. Similar incentives have been successfully adopted in several jurisdictions including Pennsylvania, Vermont, and New York City.

Please increase – don't decrease – incentives for Green Building and ultra-low energy consumption for the Low-Income Housing Tax Credits in DC. DHCD has the opportunity through this QAP to help project teams to learn how to incorporate low energy strategies from the very beginning of the project when the power for cost optimization is strongest. We are working hard to protect our future through environmentally responsive buildings, and we need your help to continue.

Sincerely,
International Living Future Institute Policy Team

Though we were ultimately unsuccessful in raising the number of points given to projects pursuing LBC and Passive House, the coalition's collective efforts did successfully stymie attempts to lower the number of points. Instead, the incentive remains in place with 5 points. The Institute continues to work with affordable housing practitioners in DC in order to increase the uptake of LBC and Passive House in their affordable housing stock.

CONCLUSION

The guidance provided in this toolkit as well as the sample policy and advocacy language and case studies are intended to help bring incentives for energy efficiency and healthy materials to state QAPs all over the country. Housing that provides a dignified, healthy life without excessive cost burden is fundamental to a just and equitable society. The Institute's programs are designed to help affordable housing developers fulfill their mission – creating a house, a home, a community, and a better future for low-income individuals and families. Working with affordable housing activists on the ground to incorporate these programs into state QAP's around the country ensures the benefits of sustainable and healthy building design are impacting those populations that stand to benefit most.

Thank you for your work to create a Living Future for all!

RESOURCES

A number of organizations and advocacy groups are invested in this work nationally and at the local level. A non-comprehensive list of these groups, along with additional resources mentioned throughout this Toolkit, are below:

An Introduction to the Low-Income Housing Tax Credits, Congressional Research Service
<https://fas.org/sgp/crs/misc/RS22389.pdf>

BlueGreen Alliance
<https://www.bluegreenalliance.org/>

California's 2020 QAP
<https://www.treasurer.ca.gov/ctcac/programreg/2020/20200414/clean.pdf>

Colorado's 2019 QAP
https://www.chfainfo.com/arh/lihtc/LIHC_Documents/2020_QAP.pdf

Core Green Building Certification
<https://living-future.org/core/>

Declare
<https://living-future.org/declare/declare-about/>

District of Columbia's 2019 QAP
https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/page_content/attachments/2019-06-28%20DHCD%202019%20Qualified%20Allocation%20Plan%20a%20-%20Signed_0.pdf

Energy Efficiency For All (EEFA)
<https://www.energyefficiencyforall.org/about/>

Enterprise Green Communities
<https://www.enterprisecommunity.org/solutions-and-innovation/green-communities>

HomeFree from Healthy Building Network
<https://homefree.healthybuilding.net/>

International Living Future Institute Affordable Housing Initiative
<https://living-future.org/affordable-housing/>

Living Building Challenge
<https://living-future.org/lbc/basics4-0/>

Missouri's 2019 QAP
http://www.mhdc.com/rental_production/2019-fy-items/FY2019-QAP.pdf

Network for Energy, Water, and Health in Affordable Buildings (NEWHAB)
<https://www.energyefficiencyforall.org/initiatives/newhab/>

Reveal
<https://living-future.org/reveal/>

Washington's 2019 4% QAP
<https://www.wshfc.org/mhcf/4percent/2019BondTCPolicies.pdf>

Zero Carbon Certification
<https://living-future.org/zero-carbon-certification/>

Zero Energy Certification
<https://living-future.org/zero-energy/>