

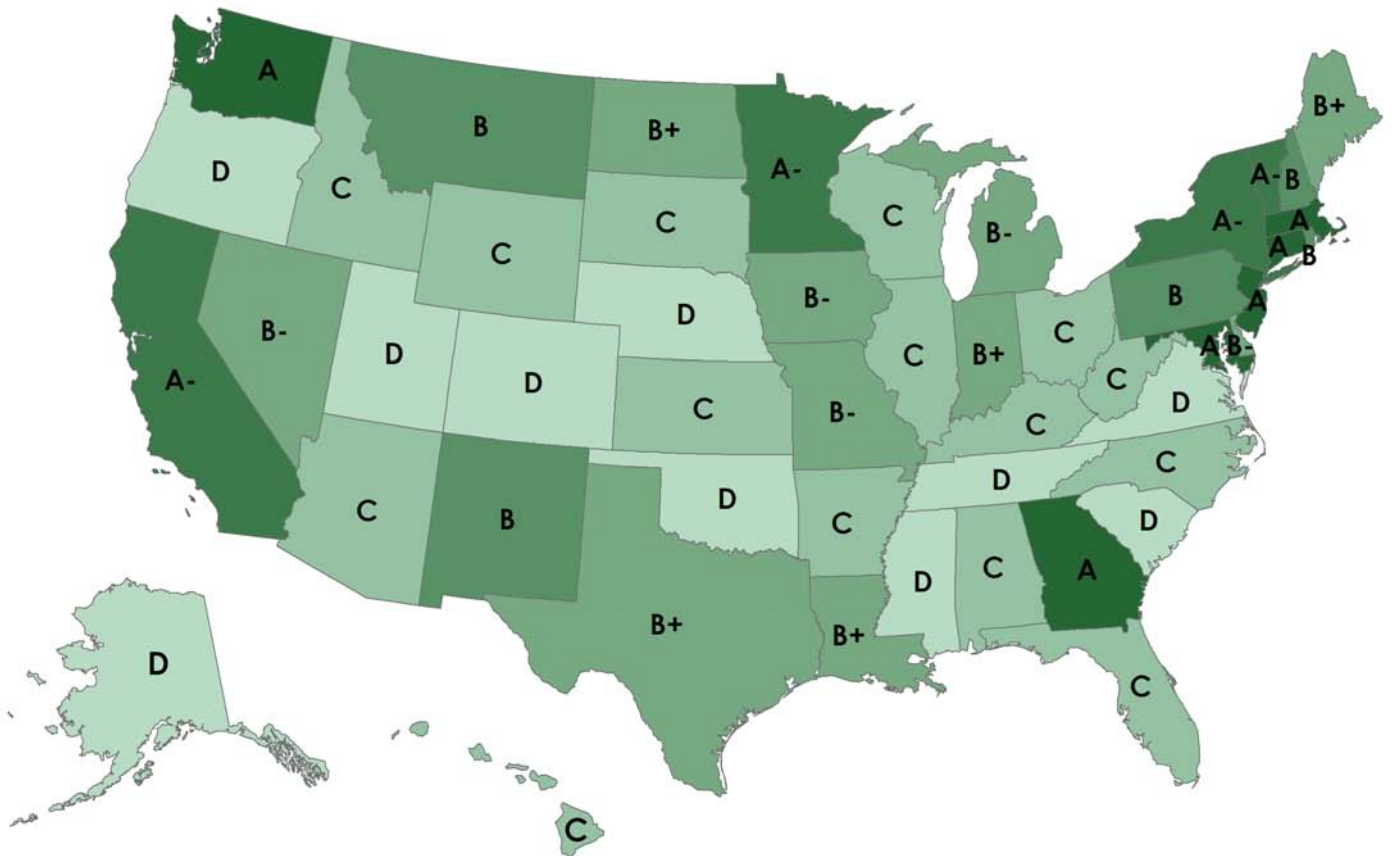


Making Affordable Housing Truly Affordable

Green Building Criteria in 2009 State Low Income Housing Tax Credit Programs

2009 Analysis

With 5-year Summary





GREEN BUILDING CRITERIA IN 2009 STATE LOW INCOME HOUSING TAX CREDIT PROGRAMS

January 2010

Introduction

For the fifth consecutive year, Global Green USA has conducted an analysis and ranking of the Qualified Allocation Plans (QAPs) for all 50 states. QAPs are typically established by state housing finance agencies and guide the annual distribution of federal Low-Income Housing Tax Credits (LIHTC). The 2009 analysis further confirms the trend of states incorporating a steadily increasing number of green building requirements in their QAPs, particularly in the area of energy efficiency. For the first time since we began our analysis in 2005, every QAP received points in at least three of the four green building categories used in the analysis, demonstrating an increase in the degree of comprehensiveness with which green building is being addressed.

Analysis Methodology

Each 2009 QAP, and any accompanying or referenced documents (appendices, checklists, building standards, etc.), was reviewed for the inclusion of green building strategies in each of four categories – Smart Growth, Energy Efficiency, Resource Conservation, and Health Protection. The methodology used for analyzing and rating the 2009 QAPs follows the same general approach established in Global Green's 2006 report, *Making Affordable Housing Truly Affordable: Advancing Tax Credit Incentives for Green Building and Healthier Communities*,¹ a publication that also provides examples of best practices in green building and recommended baseline green building standards for all QAPs. This approach was also used in our analysis of the 2005, 2006, 2007, and 2008 QAPs.

Points are awarded in each of the four categories when various issues are referenced in the QAPs (the full scoring criteria is included on page 4), with a maximum of 55 points available. Bonuses are provided to states that achieve points in multiple categories (thus demonstrating a comprehensive approach to green building) and to states that encourage projects to participate in a comprehensive third-party green building program, such as the US Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, Enterprise Community Partner's Green Communities Initiative, or Southface Energy Institute's EarthCraft green building program. Based on the total score, each state is then assigned a letter grade based on deviation from the mean score.

2009 Trends And Findings

The 2009 QAP analysis revealed an increased inclusion of required green building measures, as compared to the optional green building checklist items or points that were common in previous years' QAPs. Thirty-four states improved their scores this year, with the average score increasing from 25 to 30. The range of maximum and minimum scores also shifted upward. Most significantly, the lowest score assigned this year was ten points higher than last year. Scores in 2008 ranged from 3 to 48 (F to A), and this year scores ranged from 13 to 50 (D to A) with exactly half of the states receiving a grade greater than a C.

Connecticut is at the top of this list for the second year by achieving 50 out of the 55 available points, along with Georgia that was in the number two position last year. New to the top of the list are Maryland, Washington, Minnesota, and New York. These states all increased their scores by more than 10 points since last year.

¹ Available at <http://www.globalgreen.org/publications/archive>

Washington made the most dramatic improvement (41 points) with the introduction of the Evergreen Sustainable Development Standard. Hawaii also implemented green building criteria to move out of the F range and ahead of other states this year. Maine, Pennsylvania, Montana and North Dakota dropped out of the top tier list this year.

With the passage of the Housing and Economic Recovery Act of 2008 (HERA), energy efficiency was added to the required QAP selection criteria. As a result, Energy Efficiency was the most fully addressed category. Combined, the 2009 QAPs achieved 66% of the possible points in this category, scoring 12% better than in 2008. Forty-eight states (up from 39) included references to Specific Efficient Products (SP), and 42 states (up from 36) included references to Energy Star Appliances (EP). Twelve states added HVAC performance (HV) recommendations this year to bring the total number of states to 42.

This year's QAPs received 59% of the possible points in the Smart Growth category. Existing housing rehabilitation (XH), the use of revitalization plans (RP), and proximity to transit and services (PT, PS) were most consistently addressed, but only eight QAPs specifically referenced brownfields redevelopment (BR). Health Protection was the least frequently addressed category, with states achieving only 41% of the total possible points in this category. Indoor Air Quality - Ventilation (QV) was the most frequently adopted measure (35 states). The Resource Conservation category included the least adopted measures, reused materials (UM) and renewable materials (NM). However, 40 states had criteria related to water conservation with 17 states achieving all five points.

In the bonus categories, the number of states receiving the bonus for referencing measures from all four categories increased from 40 to 45 this year. Fourteen states (up from 11) received bonus points for recognizing a third-party green building program. It is worth noting that some states chose to address green building by referring to third-party certification in lieu of extensive criteria in their own QAPs. In these instances, it is not possible to determine which specific items in the Global Green rating system will be addressed and, therefore, states like Ohio, Oregon, and Virginia suffer in our ranking despite having the potential to produce many green projects.

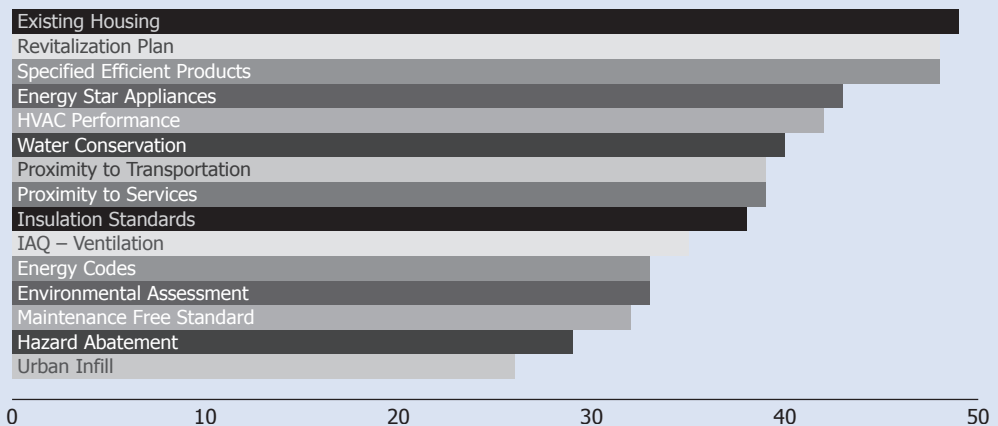
Looking at the level of green building requirements in context with the size of a state's allocation (LIHTC allocations are based on population), four of the five states with the largest LIHTC allocations (see LIHTC Rank column) received a grade of B or better. However, Florida continues to score in the C range. The analysis also finds that green building leadership exists across the nation, as states in the top tier of our ranking are located in a variety of geographic areas including the: Northeast, Southeast, Northwest, Mid Atlantic, and Midwest.

Top Ten States of 2009

1. Connecticut (50) / Georgia (50)
2. Maryland (48)
3. Washington (44) / New Jersey (44)
4. Massachusetts (43)
5. Minnesota (40) / New York (40)
6. Vermont (39)
7. California (38)

Top 15 Strategies in 2009 QAPs

By number of states



Analysis Criteria: 55 Points Total

	<i>Points Possible</i>		<i>Points Possible</i>		
Smart Growth		Health Protection			
	10		11		
BR	Brownfields Redevelopment	1	HZ	Hazard Proximity	1
UI	Urban Infill	1	EA	Environmental Assessment	1
AR	Adaptive Reuse	1	HA	Hazard Abatement	5
	Proximity to Public Transit	1		<i>Lead Based Paint – 1 pt</i>	
PS	Proximity to Services	1		<i>Asbestos Containing Materials – 1 pt</i>	
XH	Existing Housing Rehabilitation	1		<i>Radon – 1 pt</i>	
RP	Revitalization Plans	1		<i>Groundwater – 1 pt</i>	
HP	Habitat Preservation	1		<i>Soils – 1 pt</i>	
FP	Floodplain Preservation	1	QP	Paint (Low/No-VOC)	1
WP	Wetlands Preservation	1	QC	Carpet (Low-VOC)	1
Energy Efficiency		Bonus			
	12		10		
PV	Photovoltaics	1	Multiple Categories	5	
SP	Specified Efficient Products	1		<i>3 Categories – 2 pts</i>	
IS	Insulation Standards	1		<i>4 Categories – 5 pts</i>	
EP	Energy Star Appliances	2	Third-Party Green Building Program	5	
HV	HVAC Performance	2			
	<i>Heating / Ventilation – 1 pt</i>				
	<i>Cooling – 1 pt</i>				
EC	Energy Codes	2			
EB	Energy Star Homes	3			
Resource Conservation					
	12				
EF	Existing Flora Preservation	1			
RC	Recycled Content Materials	1			
MF	Maintenance Free Standard	1			
WC	Water Conservation	5			
	<i>Fixtures – 3 pts</i>				
	<i>Irrigation – 1 pt</i>				
	<i>Landscaping – 1 pt</i>				
NM	Renewable Materials	1			
UM	Reused Materials	1			
CD	Construction & Demolition Recycling	1			
SW	Stormwater Protection	1			

Five Year Trends (2005-2009)

Five years of analysis demonstrates that QAPs have increasingly incorporated green building measures. There has been a steady increase in both the percentage of points states are achieving in each category and in the average total score. The 2009 results show for the first time that every state has made a clear effort to include and support green building efforts. The average score has increased by 19 points (from 11 to 30) since Global Green first began doing this analysis five years ago. (Note: Global Green increased the total possible score to 55 by adding the five point Green Building Program bonus in 2007.)

As the Five Year graph shows, 2009 was the first year that the Energy Efficiency category surpassed Smart Growth in level of adoption. In the Energy Efficiency category, specified efficient products (SP) has become the most adopted criteria, and references to photovoltaics (PV) in QAPs has increased by the greatest percentage between 2005 and 2009. Despite being the third least referenced category overall, the Resource Conservation category has had the greatest percentage of growth of adoption in the past five years. Contributing to this growth have been states adopting water conservation (WC) measures and construction and demolition recycling (CD). Overall, states have increased references to CD by the greatest percentage amount, increasing from 1 state in 2005 to 19 states in 2009.

Most importantly, QAPs in 2009 comprehensively address green building topics (see Top 15 graph on page 2) as criteria from all four categories are interspersed in the Top 15. The Top 15 also reveals what green building measures states have decided to prioritize and thus likely see as the most cost effective to include in the affordable housing developments that receive state funding.

Looking Forward

One of the main purposes of this report is to provide information that can support coordinated technical assistance and advocacy efforts to improve the green building criteria in QAPs on a state by state basis. By both identifying states that can serve as models and identifying states that lag in the prioritization of green affordable housing measures for their communities, Global Green's objective is for the steady increase of including green features in each state's QAP to continue. Furthermore, as this year's analysis reveals, every state has some green building criteria, and even the leading states continue to adopt new green building criteria.

Therefore the likely next step will be to focus on encouraging more mandatory, versus optional, requirements to ensure the quality of green building implementation in projects that are financed through the LIHTC program. Global Green is now exploring options for encouraging federal policy to put in place minimum standards for all QAPs in the areas of location efficiency, energy and water savings, resource conservation, and health protection. With these standards in place, all projects financed through the LIHTC program will be ensured of the benefits that green building brings to affordable housing tenants, owners, and the larger community: energy and water cost reductions, reduced exposure to environmental toxins, more durable construction, resource conservation, and climate change mitigation.

