

Affordable Housing Task Force Construction Alternatives Subcommittee Meeting

Recap of Meeting on Tuesday, January 24, 2006
County Center
3:00-5:00 p.m.

The Affordable Housing Task Force Construction Alternatives Subcommittee convened at 3:00 p.m. on Tuesday, January 24, 2006. The following were present:

MEMBERS
Earl Pfeiffer, Florida Home Partnership (Co-Chair) Jerome Ryans, Tampa Housing Authority (Co-Chair) Sylvia Alvarez, Commissioner Castor Appointee Sheila Lopez, Catholic Charities James McDaniel, Mayor of Plant City Appointee*
*Not in attendance
STAFF
Lucia Garsys, HC Strategic Management Initiatives Reginald Windham, HC Strategic Mgt. Initiatives Michael Rowicki, Housing and Community Code Enforcement (HCCE) Jennifer Bass, USF Jim Walter Partnership Manny Rivero, USF Jim Walter Partnership Anne Lockwood-Williamson, Shimberg Center, University of Florida
INTERESTED PARTIES
Ben Stevenson , Tampa Housing Authority Robert Stroh, Shimberg Center, University of Florida Jean M. Haneburg, USF Jim Walter Partnership

The meeting began with Earl Pfeiffer summarizing the January 12th meeting.

Anne Lockwood-Williamson, Shimberg Center, University of Florida distributed material to the group about the “Energy Star” program (Attachments 1 and 2). The group agreed that utilizing the “Energy Star” concept could help with affordability and maintainability.

The group then began discussing issues that the subcommittee should further consider. Those issues were as follows:

- If someone buys a house, how can we ensure that they can keep it – maintaining affordability
- The County and the municipalities need to be on the same page

- “Out of the box” thinking will be required
 - Wal-Mart example
 - Employer assisted homes
 - Mortgage Credit Certificates
- The availability of “Energy Star” grants

The group then received a briefing from Robert Stroh, Shimberg Center, University of Florida about the current technology being used to construct homes. Highlights of this discussion were as follows:

- The technology in Florida is geared towards wind resistance. Houses that are being built to Florida’s wind code standards are probably using some of this technology
- Two alternative building materials being used are insulated concrete forms and aerated autoclave concrete

The group then discussed recommendations that would be added to the ones from its previous meeting (January 12th, 2006). The recommendations were as follows:

- Develop a land trust for the purpose of buying and maintaining affordable housing
- Explore the Equity Sharing concept that adjusts for inflation
- Look at partners that will help with building “Energy Star” homes
- Encourage “Energy Star” rating in affordable housing
- Partner with TECO, Community Foundations, and HCCE to obtain grants for “Energy Star” construction
- Change HCCE policies to encourage energy efficiency
- Allow greater lending ratios for “Energy Star” homes

The previous recommendations were as follows:

- Municipalities should look at the current and future funding and send a referendum to the State to get a portion of the \$350 million dollars that has been put aside for affordable housing (SHIP Dollars).
- Developing first right of refusal in lieu of foreclosure (for County and nonprofit organizations).
- Explore “Energy Star” initiatives.
- Increase Capacity Building (Mentorship for nonprofits).

The next meeting is schedule for:

- Thursday, February 2, 9:00 – 11:00 a.m., Tampa Housing Authority

The group adjourned at 5:00 p.m.

Attachment 1



The Energy Star Program: Construction Costs v. Operating Costs

The Energy Star program was introduced in 1992, as part of the Energy Policy Act (EPAAct). At first the Energy Star label was reserved for computers, televisions, and other small appliances. Since then however, the program has grown and now labels all kinds of appliances, office equipment, homes and more.

In principle, the Energy Star program is designed to minimize the consumption of energy through the endorsement and labeling of high performance products. In the case of housing, this would include homes that have abundant insulation, tight construction, tight ducts, high performance windows, and energy efficient heating and cooling equipment.

The common perception of energy efficient products is that they are too costly. Yet, this simply is not the case. While energy efficient products may initially cost more to install or construct, they use less energy when operating, and utility bills are consequently much lower.

Over the long term therefore, products with the Energy Star label are cost efficient as well as energy efficient. For example, a certified Energy Star home can reduce utility bills by as much as 20-30 percent. While a return on the initial investment may take some time, most Energy Star technologies will pay for themselves in a few short years, as exemplified below.

ENERGY STAR Qualified New Home	Monthly	Annual
Utility Savings ¹	\$45	\$540
Additional Mortgage Costs ²	\$20	\$240
Net Savings	\$25	\$300
¹ Savings will increase as utility costs go up		
² Mortgage costs for ~\$3,000 of improvements remain fixed!		

In order to receive an Energy Star label, a product must meet a rigorous standard of energy efficiency. According to the Energy Star website, “Energy Star qualified homes are independently verified to be at least 30% more energy efficient than homes built to the 1993 national Model Energy Code or 15% more efficient than state energy code, whichever is more rigorous.”

As for the independent verification of homes, there are two methods of assessment recognized by the Energy Star Program; the Home Energy Rating System (HERS) and the Builder Option Package (BOP). These methods of assessment may also be used to validate an Energy Efficient Mortgage.

For Further information about Energy Star Certification, please visit their website:

www.energystar.gov

Attachment 2

The Energy Efficient Mortgage (EEM):

In 1992, congress mandated the initiation of the Energy Efficient Mortgage program in five states. In 1995, the program became national, authorizing Energy Efficient Mortgages in all fifty states. Since then, the use of the Energy Efficient Mortgage has been endorsed by the Department of Housing and Urban Development, the Fannie Mae Foundation, the Federal Housing Authority, the Environmental Protection Agency, the Department of Energy and the Energy Star program.

The premise of an Energy Efficient Mortgage is quite simple; energy efficient homes cost less to operate than do conventional homes. Therefore, month to month savings on utilities may be attributed toward the price of the home. In other words, the homeowner can afford a higher priced home due to lower utility bills.

In order to attain an Energy Efficient Mortgage, a home owner must first get a Home Energy Rating Systems report, a document detailing the efficiency of the building. Home owners are subsequently given a list of energy improvements they can make to their home. This includes improvements in the form of insulation, windows, and energy efficient appliances. In turn, the improvements may be added to the amount of the loan, resulting in a higher monthly payment, but a much lower utility bill. Overall, the energy efficiency improvements generate a net savings.

Energy efficient mortgages may be applied to new construction or existing construction. As in the following example from the Federal Citizen Information Center, \$4,816 of energy efficiency improvements were made to an existing structure, resulting in a higher monthly mortgage payment, but a much lower monthly utility bill.

	Older Existing Home	Same Home with Energy Improvements
Home Price (90% mortgage, 8% interest)	\$150,000	\$154,816
Loan Amount	\$135,000	\$139,334
Monthly Payment*	\$991	\$1,023
Energy Bills	\$186	\$93
The True Monthly Cost of Home Ownership	\$1,177	\$1,116
Monthly Savings		\$61

* Estimated mortgage payments are based upon principle and interest only, and do not include taxes and insurance. Values indicated here are for example only, and will vary from home to home.

For additional information on Energy Efficient Mortgages, please refer to the following links:

U.S. Department of Energy-<http://www.eere.energy.gov/financing/consumers.html>

U.S. Department of Housing and Urban Development-<http://www.hud.gov/offices/hsg/sfh/eem/eemhog96.cfm>

Federal Citizen Information Center-http://www.pueblo.gsa.gov/cic_text/housing/energy_mort/energy-mortgage.htm