



March 14th 2016

Mr. Art Waller
Housing Authority of New Orleans
4100 Touro St.
New Orleans, LA 70122

Re: Draft “Energy Efficient” Utility Allowance by Nelrod Company

Dear Mr. Waller,

Thank you for the opportunity to comment on the Draft Energy Efficient Utility Allowance prepared by the Nelrod Company. We think this is a positive first step toward encouraging energy efficient housing for HANO residents and Voucher Holders. As we understand it, HANO’s intent is to create a utility allowance for “Energy Efficient” units that is distinct and separate from the existing Utility Allowances for New Orleans units. Essentially, “right sizing” the utility allowance for energy efficient units and encouraging the creation of additional energy efficient units.

However, the Utility Allowances in the draft report falls short of this goal. The draft report simply updates the Utility Allowances for all New Orleans units using a nationally available spreadsheet. Therefore, as drafted, it will serve to provide ALL Section 8 landlords with slightly more net income, but it will not do much to help HANO residents or encourage the creation of energy efficient housing. We have examined the methodology used by the Nelrod Company, as well as HUD Guidance for creating utility allowances, and we offer the following constructive feedback and recommendations.

Nelrod is using the HUD Utility Schedule Model (HUSM). This readily available Excel spreadsheet model takes *national averages* for energy *consumption* and then based on adjustments for local utility rates and climate, makes broad consumption adjustments. There is a box one can check for “Energy Star” but beyond that there is no differentiation for energy efficient construction. (Interestingly, the Excel allows one to check a box for “LEED” and “Certified Green Retrofit” but Nelrod does not seem to have made this election, nor do we recommend doing so.)

According to the Nelrod report the following documents were used as guides in developing the Utility Allowances: the Section 8 Housing Choice Voucher Program 24 CFR 982.517, the Instructions to Form HUD 52667, HUD Handbook 7420, and the Housing Choice Voucher Program Guidebook. We have used the same guidelines.

The Instructions for Form HUD Handbook 52667 states, “Where local sources are inadequate, the HA may consult the national average consumption data provided in Table 1 and make appropriate adjustments to reflect local conditions.” While this is true, the document also states, “HA’s shall use to the extent possible local sources of information...” Nelrod has gone straight to the national model without attempting to obtain essential local information. While they have obtained local information on utility *rates*, they have not done so on local consumption, nor have they made an effort to obtain local consumption information for energy efficient units. Presumably this is because the Excel is readily available and is approved by HUD. This is not an unreasonable path to take.

Alembic Community Development
Alliance for Affordable Energy
A Shared Initiative, Inc.
Associated Neighborhood Development
Broadmoor Improvement Association
Capital One
Center for Planning Excellence
Committee for a Better New Orleans
Crescent Care
Crescent City Community Land Trust
The Data Center
Enterprise Community Partners
Finance Authority of New Orleans
First NBC Bank
Foundation for Louisiana
GCR Inc.
Global Green USA
Greater New Orleans Foundation
Green Coast Enterprises
Greater New Orleans Fair Housing Action Center
Greater New Orleans, Inc.
Gulf Coast Housing Partnership
Harmony Neighborhood Development
Healthy Start New Orleans
Housing Authority of New Orleans
Iberia Bank
Jericho Road Episcopal Housing Initiative
Jerusalem Economic Development Corp.
JPMorgan Chase Bank
LA Association of Affordable Housing Providers
Louisiana Appleseed
Louisiana Association of Nonprofit Organizations
Louisiana Homebuyer Education Collaborative
Louisiana Housing Alliance
Louisiana Housing Corporation
Lowernine.org
Lower 9th Ward Homeownership Association
Lower 9th Ward NENA
Make It Right
Neighborhood Assistance Corporation of America
Neighborhood Development Foundation
Neighborhood Housing Services
NEWCITY
New Orleans Area Habitat for Humanity
New Orleans Redevelopment Authority
NO/AIDS Task Force
Northshore Housing Initiative
Office of Housing Policy & Community Development
Operation Comeback
Perez, APC
Pontchartrain Park CDC
Practitioners Leveraging Assets for Community Engagement
Preservation Resource Center
Project Home Again
Project Homecoming
Providence Community Housing
Puentes New Orleans
Rebuilding Together New Orleans
Redmellon
Renaissance Neighborhood Development Corp.
Renaissance Property Group
Service Providers and Professionals Association
Southern United Neighborhoods
St. Bernard Project
Tulane/Canal Neighborhood Development Corp.
UNITY of Greater New Orleans
Urban Focus
U.S. Department of Housing and Urban Development
Volunteers of America
Wells Fargo
Whitney Bank
Whodata.org

But fortunately for HANO and its residents, this local information is readily accessible. HANO owns hundreds if not thousands of units built to a high standard of energy efficiency. Only a few hours labor would be needed to compile a list of HANO units built to a reasonable high energy efficiency standard. To be meaningful, we suggest targeting units that achieved a HERS score of at least 70. *What we want, and what we believe HANO wants, is not something that any landlord can simply claim to get more net rent. Rather it should be a reasonably meaningful standard that only applies to truly energy efficient units and thus encourage the creation of more energy efficient housing.* This list can then be presented to Entergy with a request for the energy consumption for those units. Then the energy usage for those units (1br, 2br, etc.) can be broken out by the consultant into categories such as Lighting and Refrigeration, Cooking, etc.

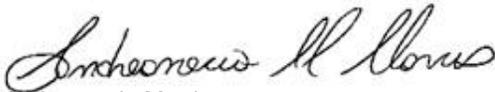
It is important to note that this methodology is entirely consistent with HUD Guidelines. The HA must use, "normal patterns of consumption for the community as a whole." The "patterns of consumption" for a family that is in a unit built to a HERS of 70 are the same "patterns of consumption" for any other unit in New Orleans. There is more usage in the morning than in the afternoon and in the summer than the winter, as we use more air conditioning than units in Minnesota, etc. The difference is the AMOUNT of energy consumed (because the unit has better insulation, etc.) not the *patterns* by which the energy is consumed. Moreover, there is nothing in the HUD regulations that would prohibit the use of an "Energy Efficient Unit" as a distinct unit type just as it distinguishes between units types, such as garden and high rise apartments.

Finally, it is our belief that adopting the above can be a considerable "Win" for both HANO and its residents. The Energy Policy Act of 2005 requires that HUD take steps to promote energy efficiency in its housing stock and in 2012, HUD formally declared the creation of energy efficient housing as one of its top priorities (153, 42 U.S.C. § 12709). Adopting this methodology can serve as a national model for progressive Housing Authorities AND ultimately lower the costs residents pay for utilities.

The draft allowance schedule prepared by Nelrod is an important first step, but at its core, it simply updates the existing utility allowance schedule. A minimal amount of additional effort and a request to Entergy for consumption data for HANO owned units will serve to make the proposed policy one that is truly meaningful for the Agency and its residents.

We encourage HANO to pursue this next step and we will readily assist in those efforts in whatever way we can.

Sincerely,



Andreanecia Morris
GNOHA President/Chair
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cc: Shelley Smith, Director of Strategic Planning