



Preservation through Smart Rehab Program

Edward G. Rendell, Governor • Steven Kaplan, Chairman • Brian A. Hudson, Sr., Executive Director/CEO

www.phfa.org



Why Preservation through Smart Rehab?

- Pennsylvania has approximately 139,000 units of affordable housing
- More than one-half are over 25 years old
- New threat to preservation - shrinking cash flow due to limited income growth and increasing operating expenses - including utility costs
 - Full impact of electric generation deregulation will be in 2010



Preservation through Smart Rehab

- **Goal** – to preserve the inventory and maintain its affordability for low income households by reducing energy consumption/cost
- **Affordability** – 50% of units at 60% AMI throughout loan term
- **Key** – the Energy Audit recommended capital improvements & projected annual energy cost savings
- **Program Funding Limit** - \$500,000 per property



Program Overview

Task	PHFA	Owner
Getting Started	Training for Energy Auditors	Completes Fact Sheet
Energy Audit	May provide a grant for up to one-half of cost	Owner may use project cash or Replacement Reserve
Scope of Work	Selects improvements having a payback period of 10 years or less	Provides input on scope and seeks approval from partners and/or Board
Financing Plan	Estimates level of debt and need for other sources	Determines soft costs and seeks bids for specifications and construction cost estimates
Loan Commitment and Closing	Monthly Board Meetings and provides loan documents	Should strive to achieve commitment as soon as possible
Construction Period	Monitors construction and disburses funds	Informs residents of work and ensures completion within a timely manner
Post Construction	Monitors program compliance and energy consumption	Will be required to compile and submit energy consumption data



Training of Energy Auditors

- PHFA is sponsoring Energy Audit Training
- Goal – 45 new professionals
- Certification – Building Performance Institute (BPI) Multifamily Analyst
- Refer to the Preservation through Smart Rehab website for details of future training opportunities



Capital Improvements

- Improvements must reduce energy consumption
- Improvement's payback period should be 10 years or less
- Except for energy efficiency improvements, project must not be in need of additional improvements to extend its useful life
- PHFA & Owner determine scope of work
- Plans & Specifications completed in concert with the Energy Auditor



Committed Funding Sources

- PHFA
- MacArthur Foundation
- Rural Development
- Pennsylvania Department of Community and Economic Development
- West Penn Sustainable Energy Fund
- Pennsylvania's Electric Utility Companies



Program Monitoring

- PHFA to provide project oversight during construction
- PHFA disbursing agent for project funding
- PHFA will monitor consumption and costs post improvements



Example – Canon House





Example – Canon House

- Canon House is an eight-story high-rise apartment building for seniors located in Canonsburg, Washington Co.
- Owner – Washington Co. Redevelopment Authority
- Electric Heating is paid by the project
- Project Paid Utilities – averaging \$120,000 annually, or 13.6% of rental income



Energy Audit – Canon House

- Energy audit completed by Performance Systems Development of New York, LLC
- Cost of energy audit - \$15,000
- Energy audit funded by project and West Penn Sustainable Energy Fund



Energy Savings – Canon House

Measure	Rehab Costs	Annual Savings
Seal Gaps in Envelope	\$40,592	\$7,563
Ventilation to Code	\$ 98,178	\$9,320
Low-Flow Showerheads	\$2,805	\$3,618
DHW Recirculation Control	\$500	\$553
DHW Tank/Solar & Gas	\$174,000	\$15,468
Replace Rooftop MAU	\$84,482	\$9,596



Energy Savings – Canon House

Measure	Rehab Costs	Annual Savings
Energy Star Washing Machines	\$0	\$834
Install PlugMiser	\$225	\$105
Elev. Shutdown Timer	\$0	\$553
Totals	\$400,782	\$47,610



Energy Savings – Canon House

Projected 2009 Deficit	-\$15,000
Energy Savings	\$47,610
Revised Projected Net Savings	\$32,610
Supportable Debt @ 6.50% for 10 years	\$191,400
Annual Debt Service	\$26,088



Uses and Sources of Funds – Canon House

Total Cost for Improvements	\$400,782
Supportable Debt	\$191,400
Zero Interest Deferred Loan	\$209,382
Total Sources	\$400,782

Program Web Site

- Web Site – www.phfa.org – Preservation through Smart Rehab

The screenshot shows a web browser window displaying the PHFA website. The page header includes the PHFA logo and the text "Preservation through Smart Rehab Programmanaging utility costs to stabilize and preserve Pennsylvania's affordable rental housing". Below the header is a photograph of a brick building. To the right of the photo is a list of links: Program Description, Availability of Funds, Getting Started, Program Term Sheet, Program Brochure, Energy Audit Standards & List of Auditors, Professional Training, Inventory Maps, and Contact Us. A teal callout box with a white border points to the "Getting Started" link, containing the text: "Application is a one and one-half page Project Fact Sheet". Below the photo, there is a paragraph: "Smart Rehab financed capital improvements of \$128,000 will save The Umbrella Works \$26,800 in annual utility bills." At the bottom, there are logos for Pennsylvania Department of Community & Economic Development, USDA Rural Development, MacArthur, and WPPSEF.



Additional Information

■ PHFA Contacts:

- Program Underwriting & Financing – Brian Shull
Direct 717.780.3909 or Email to bshull@phfa.org

- Energy Audit - Kevin Kanoff
Direct 717.780.3855 or Email to kkanoff@phfa.org