

December 5, 2016

Mr. Julian Castro  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> St SW  
Washington, DC 20410

**RE: 60-Day Notice of Proposed Information Collection: Energy Benchmarking (FR-5913-N-271)**

Dear Mr. Castro:

On behalf of NeighborWorks America (also known as the Neighborhood Reinvestment Corporation) I want to thank HUD for the opportunity to provide comments regarding energy benchmarking and the proposed information collection. Please note that these comments have not been submitted to or approved by NeighborWorks America's Board. They reflect the view of NeighborWorks America management and do not necessarily represent the views of its Board members, either collectively or as individuals.

NeighborWorks America is a Congressionally-chartered nonprofit organization established in 1978. We support a network of nearly 250 local and regional nonprofit affiliated housing and community development organizations. Among NeighborWorks America's network of affiliated organizations are more than 130 organizations that collectively own or manage about 149,000 multifamily rental homes. This portfolio includes 36,000 Project-Based Section 8 units owned by 114 organizations. In addition, NeighborWorks organizations own about 7,300 Section 202 and about 2,000 Section 811 units. Given the substantial portfolio that would be impacted by the proposed benchmarking scheme, NeighborWorks America is particularly invested in both the data collection and the development of policies that will follow.

NeighborWorks America is deeply committed to promoting energy efficient practices in housing development and applauds the Department's efforts to better understand utility consumption in assisted housing. Benchmarking can provide owners and operators of assisted housing with tools and information to make critical decisions about future investments in the property. However, it is important that any benchmarking system be implemented properly, and that the associated policymaking take a broad view of related issues.

## **Data Integrity/Operational Issues**

While NeighborWorks America recognizes that advances have been made in the last five years to increase the availability of energy consumption data from tenant-paid utility accounts, substantial data access hurdles continue to exist for multifamily owners throughout the country. As a result, the quality of data may vary greatly between utility service areas as well as between those buildings providing whole building data and those providing sampled tenant data. Like other data modeling techniques, benchmarking requires high quality data inputs in order to be successful. Because utility benchmarking provides a relative analysis, NeighborWorks has concerns about the potential of flawed data to skew the model and produce unreliable results.

The proposed information collection would require many owners of HUD-assisted properties to provide substantially more data than is currently collected. NeighborWorks America is concerned that the Department's analysis of burden hours understates the scale of the effort required to put a benchmarking system in place. While these estimates are likely accurate once a benchmarking system is operational, the burden associated with initial implementation of the benchmarking system is likely to be much higher. While NeighborWorks applauds the extended implementation timelines for this policy, we are concerned that the requirements may be cost prohibitive due to staff and time intensity. These impacts are likely to be greatest for smaller organizations with less staff capacity, though larger organizations with multi-state portfolios will also face significant challenges associated with navigating data access issues with a larger number of utilities.

## **Policy Implications**

While NeighborWorks America shares the Department's commitment to increasing the efficiency of HUD-assisted properties, it is essential that any policies implemented in association with utility benchmarking requirements balance the interests of reducing utility consumption with other priorities. Across the nation, the physical needs of HUD-assisted housing vary tremendously, but the scarcity of resources for meeting these physical needs is consistent. As such, decision makers must fully acknowledge financial realities when developing attendant policies.

Utility benchmarking analyses are helpful tools for understanding current consumption practices, but they do not provide complete information about the causes of the observed patterns. Because consumption can be impacted by resident behavior, appliance efficiency, and many other structural elements relating to a building's construction

material and quality, simply knowing that a building has high energy or water consumption does not provide sufficient information to allow for decisions to be made about how to lower consumption. Substantial additional investigation, much of which requires a high level of technical sophistication, must be done to gather this information.

Depending on the sources of inefficiency, the cost of implementing efficiency measures can vary significantly. For example, if resident behaviors are leading to higher consumption, an education campaign may be a successful intervention. Structural solutions, including replacing windows, sealing the building envelope, and replacing inefficient fixtures and appliances, on the other hand, can be prohibitively expensive. Even in instances where an owner intends to make major investments into the physical plant of their building, the promise of potential utility consumption reductions must be weighed alongside other considerations including the availability of capital, other investments that will have greater impact on residents' quality of life, and the potential to create efficiencies by sequencing or combining investments.

It is imperative that the Department and others commit to preserving this nuanced framework when communicating with other decision-makers about potential policy directions. While we recognize the scale of the annual federal investment in utilities for HUD-assisted housing and share in the goal of increasing property efficiency as a means of reducing these costs, we are also cognizant of the challenges involved. To enable the development of responsible policy, decision makers must be presented with a complete picture of not only the potential benefits, but also the costs involved.

Given the range of contextual factors enumerated above, NeighborWorks urges policy makers to exercise extreme caution when designing policies solely on the basis of utility benchmarking analyses. We strongly caution against using such tools as a substitute metric on which to base payments, noting that providing reduced payments to underperforming properties would likely result in the deterioration of these properties, putting them at high risk of being lost from the affordable housing portfolio. Furthermore, these deleterious impacts would disproportionately impact residents already living in marginal properties where re-investment is most critical.

Benchmarking does, however, create a tremendous opportunity to structure incentives for owners of HUD-assisted housing to take steps to improve the efficiency of their properties. The Department has demonstrated the potential of energy efficiency

incentives in the Multifamily and Public Housing spaces, and the knowledge and experience gained from these efforts should inform policymaking going forward.

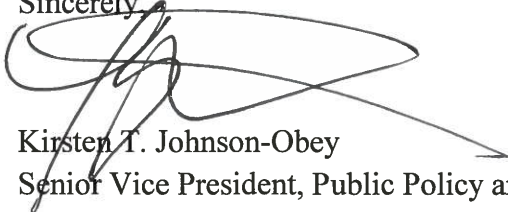
**Technical Assistance**

NeighborWorks America is pleased that the Department recognizes the need for technical assistance to support to property owners to develop and implement utility benchmarking systems. By deploying the technical expertise of HUD fellows to support the efforts of some property owners, the Department will provide a great benefit to owners participating in the program. Technical assistance can flatten the learning curve to lower the costs of implementation as well as improve the quality of the resulting data inputs. However, additional technical support and capacity building will be needed in order for all required owners to meet the proposed benchmarking requirements. The Department should also seize the larger opportunity to leverage the experience of the HUD fellows to develop and disseminate tools such as best practices to other assisted properties.

Another major area where the Department can play a supporting role is by continuing federal efforts to work with utility providers to standardize data and create reports that are compatible with the Portfolio Manager system. Along with other federal agencies, the Department has the opportunity to leverage efficiencies by working at scale to promote knowledge sharing and disseminate best practices.

NeighborWorks America sincerely appreciates the opportunity to comment on this proposed information collection and stands ready to work with the Department to further our mutual goals of securing the long-term future of the nation’s affordable housing portfolio.

Sincerely,



Kirsten T. Johnson-Obey  
Senior Vice President, Public Policy and Legislative Affairs