



**Testimony of Edward Norton  
On Behalf of Enterprise Community Partners  
For the Select Committee on Energy Independence and Global Warming  
United States House of Representatives**

**“Building Green, Saving Green: Constructing Sustainable and Energy Efficient Buildings”  
May 14, 2008**

**Introduction**

Chairman Markey, Ranking Member Sensenbrenner and members of the Committee, thank you for this opportunity to testify on the subject of green building. I am Edward Norton and my testimony is on behalf of Enterprise Community Partners and its subsidiary organizations (Enterprise).

Enterprise is a national nonprofit organization whose mission is to ensure that all low-income people in the United States have the opportunity for fit and affordable housing and to move up and out of poverty into the mainstream of American life. Enterprise provides financing and expertise to community based organizations for affordable housing development and other community revitalization activities throughout the U.S. Enterprise has invested more than \$9 billion to create more than 240,000 affordable homes and strengthen hundreds of communities across the country. Enterprise also works closely on a bipartisan basis with policymakers at all levels of government to develop solutions to low-income community needs.

I have been a member of the Board of Trustees of Enterprise Community Partners since 2000. Enterprise was founded by my grandfather, James Rouse, and his wife Patty in 1982. My grandfather was well known as a visionary developer, planner and champion of American cities. He was deeply committed to expanding opportunity for low-income people. And he was an environmentalist. Enterprise reflects those values today, as well as my grandfather’s compassion, entrepreneurialism and innovation.

Enterprise commends the Committee for convening this hearing. The fastest way to make the most progress most quickly on climate change is by reducing energy waste in buildings. The most cost effective ways to do that are by retrofitting existing buildings, while the deepest energy and greenhouse gas reductions can be made in new buildings as they come on line. We must address existing and new buildings and in each case major gains are achievable by applying what we know today.

Residential units – owner occupied houses and rental apartments together – account for the largest share of energy use and greenhouse gas emissions of any building type. The homes of our lowest income citizens, including vulnerable populations like seniors and the disabled, are especially needy and deserving of improvements to increase their energy and water efficiency, improve their indoor air quality and connect them to transit and greenspace.



The principles and practices of “green” development offer proven, cost effective ways to address rising energy costs and current and longstanding housing challenges, as well as global warming. “Greening” affordable housing – making it more energy efficient, as well as healthier and more environmentally responsible – is also a tangible way to ensure that the enormous promise of the emerging green economy includes opportunities for everyone in our society. And green development provides a powerful framework for rethinking how we create and sustain communities that are better places for all citizens and future generations.

So we are pleased that the Committee has focused on buildings as part of its leadership on climate change and energy issues. We are grateful for the opportunity to speak to the unique aspects of affordable housing in this context.

Enterprise is working to bring the benefits of sustainable development to low-income people at an unprecedented scale through our Green Communities initiative. Enterprise’s vision through Green Communities is for all affordable housing in the United States to be environmentally sustainable. Based on our experience and remarkable momentum across the country, we believe that goal is achievable in the near term, with major potential benefits for low-income people and communities, as well as the environment. To achieve it, we must act with boldness and a sense of urgency. It is time for a national commitment to make green and affordable one and the same.

If my testimony achieves one thing, I hope it will be to inspire the Committee to make green homes and communities for low-income families a priority in the national effort to fight climate change.

### **The Case for a National Commitment for Green Affordable Homes**

Enterprise has laid out a comprehensive case for connecting affordable housing, climate change and energy needs and solutions through a federal policy platform in a new paper entitled *Bringing Home the Benefits of Energy Efficiency to Low-Income Households*. This paper is enclosed with my testimony so I will only summarize it here.

There are roughly 25 million households with annual incomes of \$25,000 or less in the country. This income level is generally in line with the federal housing policy definition of “very low-income” and approximately equivalent to 50 percent of the national median income and 150 percent of the federal poverty level for a family of three.

Rising home energy costs have far outpaced income gains for very low-income people in recent years. Utility bills often impose a financial hardship on these households, forcing many to make desperate tradeoffs between heat, electricity and other basic necessities. Low-income and minority communities especially bear the impact of climate change, though they have done the least to cause the crisis.



Yet some otherwise worthy ideas for fighting global warming, such as proposals to cap greenhouse gas emissions, could impose significantly higher costs on the poor. Nearly half of the increased costs could come from more expensive home energy.

A national commitment to green affordable homes could address all those issues. Independent research – and Enterprise experience, discussed more below – has shown that green affordable homes can generate substantial cost savings from lower energy and water use and contribute to better health outcomes for children with asthma. Green homes also can help lower carbon dioxide emissions and reduce local energy and water burdens as part of comprehensive local climate protection strategies.

In addition, the construction and rehabilitation of green affordable homes can be the basis for creating large numbers of good “green jobs” for which low-income people can be trained. Green affordable development at scale can also help stabilize communities struggling with the fallout from high concentrations of home foreclosures. (As Congress works to address the foreclosure crisis, specifically the redevelopment of foreclosed vacant properties, we should ensure that resources to support these efforts support green practices.)

We can make progress on all these issues simultaneously and lock-in long term environmental, energy and other benefits for very low-income households by making an investment in greening their homes. A federal commitment of \$5 billion a year over 10 years could deliver huge benefits across the board: 25 – 40 percent energy savings in up to 25 million residential units, up to 50 million tons of carbon dioxide emissions avoided and hundreds of thousands of green jobs created annually when fully implemented.

Such a federal commitment is relatively modest when one considers that the U.S. Department of Housing and Urban Development (HUD) currently pays more than \$4 billion annually in utility bills in often inefficient government-assisted properties that constitute a fraction of the homes and apartments that could benefit. And \$5 billion is a very small share of the projected revenues that would be generated under proposals to curb greenhouse gas emissions under consideration in Congress and supported by the major candidates for president.

Greening all affordable homes would require long-term commitment for practical as well as budgetary reasons. Conditions vary widely across the affordable inventory. There is a need to scale up the delivery system – contractors, energy auditors and local government staff – to implement a major national effort. And investments in green affordable homes must go hand in hand with strategies to encourage smarter land use and transportation.

But there is no more time for small-scale solutions and incremental progress. Policymakers must act with urgency and seriousness of purpose. Mayors and governors are taking on the challenges with increasing boldness. Congress must do the same, led in the House by this committee. The balance of my testimony addresses the specific questions from Chairman Markey in his letter inviting me to testify.



## Responses to Questions from the Committee

*Why did Enterprise develop the Green Communities program?*

Enterprise created Green Communities in 2004 with an initial commitment of \$555 million to create 8,500 green affordable homes for low-income people over five years, with the ultimate goal of making environmentally sustainable development the mainstream in the affordable housing industry. Through Green Communities, Enterprise provides funds and expertise to enable developers to build and rehabilitate for-sale houses and rental apartments that are healthier, more energy efficient and better for the environment – without compromising affordability. Enterprise also works with state and local governments and with Congress to develop policies that lead to more environmentally sustainable homes and communities.

Green Communities homes are built according to the Green Communities Criteria, the first national framework for environmentally sustainable affordable homes. The Criteria were developed in collaboration with and endorsed by a number of leading environmental, energy, green building, affordable housing and public health organizations.

Four years into the effort, results have exceeded expectations. To date Enterprise has invested more than \$570 million to create more than 11,000 green affordable homes in more than 250 developments in 28 states. We have trained more than 3,000 housing professionals and helped more than 20 states and cities implement greener housing policies.

Enterprise developed Green Communities because we became convinced that there were ways to create homes and communities for low-income people that saved money, conserved resources, created healthier environments and expanded access to transit and greenspace. We believed we could do better for families and communities who had typically been left out of other visions for the coming green economy.

Our inspiration was a handful of pioneering affordable housing developers such as my fellow Enterprise Community Partners Trustee Jonathan Rose, who had begun to show that affordable housing could be green. Enterprise's aim was to elevate what these leaders were showing was possible and make it mainstream. The strategies include a clear set of criteria, a comprehensive set of financial resources and technical expertise and an active engagement with policymakers as partners in creating a new approach to providing affordable homes for low-income people.

*Do you know whether there are additional costs to develop sustainable and energy-efficient low-income housing?*

In creating Green Communities, Enterprise sought to show that all affordable housing – new construction and rehabilitations, ownership as well as rental, large urban developments and small rural projects – could be green within the budgets and capacity of the typical affordable housing developer.



Enterprise also intended to show that green affordable developments could be created for little if any higher development costs than conventional projects that do not offer the same benefits. And Enterprise endeavored to demonstrate the benefits of green affordable development.

The Green Communities portfolio represents virtually every form of housing in every type of climate in every kind of community in the country. New rental construction in the suburbs outside Portland, Oregon. Homeless housing on an infill site in downtown San Francisco. Single family homeownership in Blacksburg, Virginia. Senior living with services in Baltimore. Farmworker homes in rural Oregon. Historic preservation outside Chicago. Family housing in Billings, Montana. Adaptive reuse with solar power in central Los Angeles. New subdivision for-sale units in Bonita Springs, Florida. Public housing revitalization in Cleveland. Transit oriented development in Cambridge, Massachusetts.

Enterprise's extensive evaluation efforts are generating data that show that we can create highly sustainable homes for low-income families such as these for only marginally higher development costs – 2 percent to 4 percent on average, and that costs can come down with experience. Critically, Enterprise's evaluation suggests that most of the marginally higher costs are attributable to measures that generate financial savings, such as energy and water efficiency features, or enable developments to properly plan an "integrated design," which has been shown to lower costs and enhance environmental performance in buildings.

#### *How do residents of Green Community homes benefit from the program?*

Emerging data shows that Green Communities developments generate substantial cost savings from lower energy and water usage – hundreds of dollars per unit on an annual basis in many cases. These savings either accrue directly to low-income residents, or are reinvested back into properties by building owners, or both. In addition, groundbreaking research at a few Green Communities developments is starting to demonstrate significant health benefits from green affordable homes. At the High Point development in Seattle, for example, researchers are finding a dramatic decrease in unscheduled emergency room visits due to asthma and increase in asthma-free days for residents.

Residents of Green Communities developments stand to benefit in other ways as well. All Green Communities developments are required to create a guide to educate residents on how to realize the full green benefits of their homes. Owners of rental properties are also required to develop maintenance and operations plan to ensure that their buildings will remain green over time. To assist our partners in meeting these requirements, Enterprise has created a handbook on green operations and maintenance that can be customized for each building operator and a guide for low-income residents in green living.



*In implementing its state and local programs, has Enterprise discovered any regional approaches that work best for sustainable buildings or does it use a national model for its cities?*

Enterprise has been fortunate to work with mayors, governors and business and community leaders on large-scale state and local green affordable initiatives across the country. The first public official with whom we formed a partnership was Mayor Newsom of San Francisco. We were honored to stand with him in 2005 when he became the first mayor in the country to commit to making all affordable housing in his city green in partnership with Enterprise. Since then, San Francisco has committed funding and created policies to achieve this goal, building on the results of Enterprise's \$100 million commitment to pilot and prove out the most effective approaches for the city through a series of demonstration developments. Now we are working together to transform entire communities through the mayor's visionary HOPE SF initiative.

Another example of our approach is at the state level, with Governor Tim Pawlenty of Minnesota. Enterprise has worked with his administration, leading local foundations and the state's affordable housing industry through an ambitious effort called Minnesota Green Communities. The initiative's goal is that all new affordable homes in the state will be green by 2010 – and that goal is in sight, driven again by a growing number of Green Communities developments that are showing what is possible and by Governor Pawlenty's leadership.

We cite just these two examples to illustrate first and foremost that green affordable development is a bipartisan issue that mayors and governors across the country are beginning to advance at scale. The Green Communities national model brings a comprehensive set of resources for the purpose of catalyzing regional and local commitments and capacity.

In other words, relatively small amounts of seed funding and outside expertise can drive major progress – provided the local leadership is willing to make green affordable housing a priority. Local conditions and capacity should always drive development of the specific solutions, but national efforts – Green Communities as well as federal policies – can provide a useful framework that brings the best of what has worked elsewhere.

Enterprise has demonstrated that in every region it is possible to improve the performance of affordable housing and lower carbon emissions. The successful approach leverages national resources to expand local capacity and technical expertise, brings stakeholders together to share solutions and advocates for policies that make the development environment most conducive to green construction and rehabilitation.

*How does Enterprise complement or supplement other green building standards such as LEED, Green Globes or the National Association of Home Builders Green Building Standard?*

In practice, green development is not about satisfying a checklist of environmental criteria per se, but about establishing the environmental goals for a project that reflect the priorities, opportunities and challenges that its stakeholders identify. Standards and criteria have inherent limitations in such a dynamic, broad-based area as sustainable development.



Clear, rigorous criteria are essential, however, for establishing common benchmarks of performance, ensuring depth of environmental outcomes and defining a reference point to evaluate results for policymakers, developers and capital providers. They are useful tools. We understand the Committee's interest in the issue of greenbuilding standards and its concern that "numerous definitions of green buildings can lead to confusion, inaction or ineffective policy."

We can speak most substantively about the Green Communities Criteria. The Criteria were developed in 2004, when there was no national rating system for green residential buildings and when only a handful of local green building programs addressed affordable homes in any context.

The Green Communities Criteria were developed to fill this void in the marketplace and were specifically designed to provide a workable framework for green affordable housing that was 1) holistic, encompassing smart siting and locational elements as well as green building, operations and maintenance features; 2) applicable to the range of affordable housing developments across the country, meaning new construction and rehabilitation; for sale and rental; single- and multifamily; and 3) cost effective for most affordable housing developers to implement.

The Green Communities Criteria were developed through a consensus-based process and endorsed by a number of national organizations: Enterprise, the Natural Resources Defense Council, the American Institute of Architects, the American Planning Association, the National Center for Healthy Housing, Southface, Global Green USA, the Center for Maximum Potential Building Solutions and experts associated with the U.S. Green Building Council (USGBC).

The Green Communities Criteria reference established national standards, such as Energy Star, in most major categories. The Criteria are also aligned with the USGBC's Leadership in Energy and Environmental Design for Homes (LEED-H) national green rating system. And the Criteria are compatible, by design, with the leading local green building programs that are intended for affordable housing, such as Southface's EarthCraft Multifamily program.

The Green Communities Criteria remain the only national standard specifically designed for affordable housing that covers large as well as small buildings and new construction as well as a wide range of rehabilitation projects. Enterprise believes that the Green Communities Criteria, based on its track record in the industry, is an appropriate framework for federal policy to advance green affordable homes. Other proven, effective green building standards, specifically including LEED – H and EarthCraft Multifamily, may also be appropriate for federal policy.

Clearly, the issue of standards is important in developing federal green building policies. We urge that Congress not allow arguments about standards to distract from the task at hand, however, or divert the focus from confronting our major environmental, energy and housing challenges with the boldness and the urgency required.



Congress can reference proven criteria that measurably improve environmental performance without limiting its flexibility or that of local communities to revise them over time or adopt more targeted solutions. For example, Congress could provide flexibility by adopting specific criteria and simply adding language that also authorizes “substantially equivalent” standards as determined by the appropriate administering agency. Congress does not even need to pick and choose among full green building programs; it could simply raise the bar by establishing targets for building performance based on widely accepted standards such as Energy Star.

At the heart of the matter is a simple question: will Congress continue to allow taxpayer funds to support design and development of affordable housing – and other types of buildings – that does not meet more demanding minimum standards for greater energy efficiency, better indoor air quality and lower carbon emissions that create higher quality homes and communities for our citizens? We believe the answer must be no. We can do better, and we must.

Experience and a growing body of evidence shows that higher thresholds appropriately implemented can directly lead to significant environmental, economic and health benefits without imposing infeasible higher costs. There may always be isolated examples – exceptions that prove the rule – that purport to show progress is not possible without tradeoffs.

Special attention should be paid to assisting smaller projects, organizations and communities with making the transition to the green, equitable economy. But no longer can we allow lowest common denominators to drive our policy. We urge the Congress to take the longer view and advance the bigger vision.

*How can Congress continue to promote sustainable and energy efficient housing in the public and private sector?*

Enterprise’s paper *Bringing Home the Benefits of Energy Efficiency to Low-Income Households*, contains a 10-point policy platform for federal leadership with specific policy recommendations. Again, that paper is attached to this testimony for the Committee’s reference. The elements of the platform are:

- Build capacity to implement low-cost improvements
- Expand and leverage financing for weatherization
- Ensure climate change legislation supports low-income home energy efficiency
- Fund the Energy Efficiency Block Grant and prioritize very low-income homes
- Invest in green jobs and prioritize homebuilding and rehabilitation
- Build on HUD pilot programs and strengthen HUD’s commitment to energy efficiency
- Green the revitalization of distressed public housing communities
- Improve and expand federal energy tax credits for residential energy efficiency
- Incentivize major financial institutions to finance energy-efficient very low-income homes
- Support research and drive innovation to deepen energy efficiency



The proposals have a relatively modest cost and could be funded without cuts to other environmental, energy and housing priorities. They are designed to support the innovation among the private sector, leading mayors and governors and professional associations that is underway all across the country but needs federal leadership to get to scale.

The recommendations build on and improve existing programs. They also include new ideas Enterprise and others have worked with Congress to develop that are moving through the legislative process. The recommendations span a number of congressional committees and federal agencies. In a sense, that is the point of our plan: a national commitment to green buildings, especially affordable homes for low-income families, requires a holistic way of thinking and a comprehensive public-private partnership.

At the project level, the essence of building green is integration – a building is understood in its totality and as a system. This “integrated design” approach has been shown to significantly lower costs and increase environmental benefits in many types of buildings. At the policy level, success too will depend on breaking down barriers between programs and agencies at all levels of government and finding common ground in creating greener homes and communities for all our citizens. This Committee can play a leading role in that effort and Enterprise looks forward to working with the Committee in any way.