September 16, 2011

Regulations Division, Office of General Counsel  
Department of Housing and Urban Development  
451 7th Street SW, Room 10276  
Washington, DC 20410-0500  

**Docket Number: FR-5361-P-01; RIN-2577-AC81 – Proposed Rule on Public Housing Physical Needs Assessments**

To Whom It May Concern:

Enterprise Community Partners appreciates the opportunity to submit comments on the proposed rule on physical needs assessments (PNA) for public housing agency (PHA) properties. We commend the Department of Housing and Urban Development (HUD) for its commitment to promoting green, healthy and sustainable building practice for affordable housing.

At Enterprise, we create opportunity for low- and moderate-income people through fit, affordable housing and diverse, thriving communities. Since 1982, Enterprise has raised and invested $11.3 billion to help finance more than 280,000 affordable homes across the country. Our Green Communities initiative provides funds and expertise to enable developers to build and rehabilitate homes that are healthier, more energy efficient and better for the environment – without compromising affordability. Green Communities also assists state and local governments to ensure their housing and economic development policies are smart and sustainable.

Enterprise supports HUD’s efforts to promote healthier and more energy- and water-efficient building practices through the PNA process. After reviewing the proposed rule, we offer the following specific comments:

**Coordinate Energy and Water Audits with the Physical Needs Assessment:** HUD has proposed that Public Housing Agencies be required to complete PNAs in conjunction with energy audits. Enterprise supports this approach, and suggests that HUD broaden it to include water conservation measures. Such coordination will create a more comprehensive and holistic assessment of the building, which will help:

- increase energy and water efficiency;
- reduce operating costs through durable materials and reduced maintenance;
- reduce long-term capital costs by addressing energy/water efficiency upgrades in conjunction with required capital improvements;
- improve indoor air quality for residents; and
- reduce the property’s environmental impact.

We acknowledge that there will be challenges to this approach. PHAs are likely to experience increased initial costs in conducting a coordinated PNA and energy/water audit. A standardized
process will need to be developed to ensure that quality inputs are utilized in the PNA. Furthermore, the energy/water audit recommendations must be fully integrated into the PNA and included as part of the whole building replacement schedule. This will help ensure the efficiencies of coordination are realized. If these challenges are appropriately addressed we expect that overall capital costs will decrease as a result of the proposed changes.

As part of the updated PNA process, PHAs should identify appropriate, cost-effective energy and water conservation measures (EWCM). EWCMs are often interactive in nature and therefore must be implemented in coordination with one another to achieve the projected annual energy savings. If any interactive EWCMs are deferred or foregone, there may be a significant impact on the utility savings outlook. For example, a package of recommendations may include installation of a new boiler, sized appropriately for a structure with new windows and insulation and an air-sealed building envelope. If the boiler is installed without some or all of the accompanying measures, it may not operate at maximum efficiency, potentially leading to discrepancies between the realized utility savings and the initial projections. Therefore, the energy audit recommendations and PNA should both be included in a 20-year schedule for replacement, taking into account EWCM interactivity and addressing the life cycle costs and simple Savings-to-Investment Ratio (SIR) for both capital improvements and EWCMs.

Require All Public Housing Agencies to complete Physical Needs Assessments: Currently, Public Housing Agencies with less than 250 units are not required to conduct a PNA. Enterprise believes that all PHAs should conduct both a PNA and energy/water audit, regardless of size. This requirement will help promote proper maintenance, efficient resource usage and utility cost savings throughout the entire public housing portfolio.

Projection of Capital Needs and Frequency of PNA Development and Updates: Public Housing Agencies are required to project the current modernization and life-cycle replacement and repair needs over a 5-year period under existing regulations. The proposed rule would require PHAs to project replacement needs over a 20-year period. Enterprise supports this change, and believes that the projected modernization and repair needs should include capital and energy- and water-efficiency retrofits.

The proposed rule would require PHAs to wholly revise the PNA every 5 years and update it on an annual basis. PHAs would conduct an annual review of the PNA in order to eliminate estimated costs for completed capital improvements and allocate costs of incomplete capital improvements to future years. A review of comprehensive repair needs over a 20-year period should include replacement timing for both capital and energy/water items, which should be used up front as a planning tool. Therefore, Enterprise believes that updates may not be necessary on an annual basis.

Establish Minimum Qualifications for Physical Needs Assessment Providers: No HUD standards presently exist to establish minimum qualifications for PNA providers. Some PHAs employ their own staff to conduct the PNA on their properties. The proposed rule would establish minimum qualifications for PNA providers in the areas of experience, cost estimation, energy efficiency construction practices and knowledge of technology software.
Enterprise has developed standards to determine appropriate qualifications for PNA providers through its Enterprise Retrofit Audit Protocol. Enterprise has also created an online Technical Assistance Provider Database that lists PNA providers and energy auditors that meet basic qualifications and perform, at a minimum, the following eight tasks:

- energy modeling;
- building assessment;
- replacement reserve analysis;
- diagnostic testing;
- combustion appliance safety testing;
- feasibility analysis for the installation of renewable energy retrofits;
- construction cost estimating; and
- financial analysis that generates investment grade level information/data (SIR, life-cycle cost analysis, simple payback).

In recognition that a single firm may not be able to fulfill all the requirements, a multi-disciplinary team assembled for their complementary skill sets can work together. Potential team members may include, but are not limited to:

- Building Performance Institute multifamily analysts;
- certified energy managers (CEM);
- mechanical engineers;
- electrical engineers;
- energy modelers;
- general contractors;
- Certified Green Building Professionals;
- Home Energy Rating System (HERS) Raters;
- retro-commissioning agents;
- renewable energy experts;
- architects; and/or
- financial experts.

Enterprise believes that PHAs should be required to contract with third-party providers for PNA and energy/water audit services. For internal strategic purposes, contracting with a third-party provider helps ensure an objective whole building assessment and that all recommendations do not take employee work performance into account. In addition, a third-party perspective would enhance objectivity by disconnecting decisions related to the development of recommendations from those related to funding support and financial transactions.

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1 The Enterprise Retrofit Audit Protocol can be found at http://www.greencommunitiesonline.org/tools/funding/loans/retrofit_audit_protocols.asp. For further information, contact Esther Toporovsky, Enterprise Green Initiatives Program Director (212-284-7104; etoporovsky@enterprisecommunity.org).

2 The Enterprise Technical Assistance Providers Database can be found at: http://tasearch.greencommunitiesonline.org/
If HUD were to require the use of third-party providers, any additional compliance burdens on PEAAs would diminish if there is a standardized protocol (such as the Enterprise Retrofit Audit Protocol) with templates that outlines the exact compliance criteria. Using a standardized approach provides templates and directions for the PNA report to include all assumptions and inputs to validate the report’s data and recommendations.

Once again, thank you for the opportunity to provide comments on this proposed rule. We commend HUD for your ongoing willingness to seek and respond to public input. Please contact Esther Toporovsky, Green Initiatives Program Director (212-284-7104; etoporovsky@enterprisecommunity.org) or Michael Spotts, Policy Analyst (202-649-3902; mspotts@enterprisecommunity.org) with any questions or for further discussion.

Sincerely,

[Signature]

Peter J. Lawrence
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Enterprise Community Partners