December 21, 2010

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

Docket No. FR-5246-P-02
Housing Trust Fund

To Whom It May Concern:

Enterprise Community Partners appreciates the opportunity to submit comments on the Proposed Rule for the Housing Trust Fund (HTF). We commend HUD for pursuing the rule-making process in light of a challenging funding environment and for recognizing that the Housing Trust Fund will be critically important in producing quality housing for very low- and extremely low-income families that struggle to find a decent affordable place to live.

At Enterprise, we create opportunity for low- and moderate-income people through fit, affordable housing and diverse, thriving communities. Central to our mission is Enterprise’s fundamental commitment to give those living in poverty an opportunity to move up and out. We believe that these opportunities are best provided in communities with a diverse mix of affordable and market housing options, access to jobs and social supports, and a strong commitment to the environment. Since 1982, Enterprise has raised and invested $10.6 billion to help finance more than 275,000 affordable homes across the country.

After reviewing the Proposed Rule for the Housing Trust Fund, we offer the following comments:

1. **Keep the fixed rents in the HTF Proposed Rule.** Enterprise is pleased to see that HUD set rents at 30% of the annual income of a family whose income equals 30% of the area median income, or 30% of the poverty line, whichever is greater. We strongly recommend that HUD retain this rent structure for the final HTF Rule. When underwriting a housing project, it is important that HTF rents be fixed and not fluctuate with tenant income. The Section 8 vouchers that would be appropriated with the HTF are critically important to ensuring that Trust Fund units serve extremely low-income households.

2. **Dedicate vouchers in conjunction with HTF dollars.** Without an early commitment of operating subsidy, it is very difficult for a developer to prepare a proforma that accurately reflects the population that will be served. Therefore, we recommend that HUD require states to dedicate vouchers up front when awarding HTF dollars to subgrantees. By awarding operating funds with HTF dollars, grantees will know what operating dollars will be available to them as they are underwriting the project.
3. **Permit HTF operating funds to be placed into operating reserves.** Operating expenses are critical to serving extremely low- and very low-income families, and Enterprise is pleased to see that HUD is permitting some HTF dollars to be used for this purpose. We recommend that HUD also allow grantees and subgrantees to put these dedicated HTF operating funds into operating reserves if this will be best for the project. Permitting funds to be placed into reserves will maximize flexibility and may help grantees coordinate the various sources of subsidy.

4. **Be intentional in coordinating HTF with LIHTC and provide flexibility in funding assistance.** Most HTF projects will also utilize the Low-Income Housing Tax Credit (LIHTC), as LIHTC is the primary affordable housing production equity resource in the country. We are pleased to see that the Proposed Rule provides, in Section 92.730(b), for flexibility in the provision of assistance. Since many of the projects receiving HTF assistance will also receive funding through LIHTC, HUD should provide maximum flexibility for states to structure assistance in a way that will avoid negative tax implications on LIHTC-financed projects.

5. **Be intentional in coordinating HTF with federal service programs.** Given the income requirements of the HTF, it is very likely that many of the individuals and families served will require additional social services. Therefore, we recommend that HUD be intentional in coordinating the HTF with VA, HHS, HUD, and other federal social service programs.

6. **Meet certification requirements of Enterprise Green Communities Criteria.** Through our Green Communities initiative, Enterprise’s vision is to fundamentally transform the way we think about, design and build affordable homes. We are pleased that the Proposed Rule will require all HTF-assisted units that are newly constructed or undergoing gut rehabilitation to meet, as applicable, a referenced ENERGY STAR program or ASHRAE standard. In order to strengthen this program requirement, we suggest that HUD require that all HTF-assisted units meet the certification requirements of the Enterprise Green Communities Criteria, the first national green building program specifically developed for affordable housing, or an equivalent green building rating system. To date, 17,500 housing units nationwide have been built to the Enterprise Green Communities Criteria.

   At the federal level, HUD and the Department of Agriculture have integrated the Criteria into a number of their housing programs, including HUD’s HOPE VI program and USDA’s Rural Development program for multifamily housing. At the state level, 18 housing finance agencies have included the Enterprise Green Communities Criteria as either optional or threshold requirements in their Qualified Allocation Plans for allocation of LIHTC, and every state has incorporated at least one green building or sustainability measure that is also referenced in the Criteria.

   Enterprise research proves the utility cost savings of incorporating the Criteria into affordable housing. Enterprise engaged in an extensive data collection effort to analyze the costs and benefits of meeting the Criteria. Our research shows that the $1,917 cost per
dwelling unit to incorporate the energy and water criteria returned $4,851 in predicted lifetime utility cost savings (discounted to 2009 dollars). In other words, the energy and water conservation measures not only paid for themselves but also produced another $2,900 in projected lifetime savings per unit.¹

The Enterprise Green Communities Criteria also promotes transit-oriented development (TOD). HUD explicitly requested comments on how to encourage the use of HTF funds to develop housing affordable to Extremely Low-Income households that is also accessible to transit and employment centers. Therefore, we recommend that HUD adopt the Enterprise Green Communities Criteria because our criteria include ten criteria on site, location and neighborhood fabric, including smart site location, walkable neighborhoods, compact neighborhoods and transportation choices. Adopting the Enterprise Green Communities Criteria would help HUD to accomplish the dual goal of green building and TOD.

The Criteria demonstrate how building and rehabilitating low-income housing using green and healthy principles improve the health of residents. In partnership with the National Center for Healthy Housing, Enterprise provided data on the health status of residents following the renovation of a low-income housing development in Minnesota and published a report documenting this successful three-year health evaluation study.² Enterprise also commissioned a targeted scientific study to assess the health impact on asthmatic children who moved into healthy green public housing at Seattle Housing Authority's High Point community. All homes in the Seattle study met the “Breathe-Easy” standard, a slightly more rigorous standard from a health perspective than Enterprise’s own Green Communities Criteria. After one year, the asthmatic children living in these homes experienced a 65% increase in symptom-free days and a 67% reduction in the use of urgent clinical care.³

Enterprise provides a variety of resources to assist affordable housing developers achieve their green goals. To date, we have trained more than 5,000 housing professionals nationwide. We also maintain a national technical assistance and training delivery system through which we connect affordable housing developers to a network of 120 technical assistance providers that can strategically assist developers in meeting the Green Communities Criteria.

7. Align referenced ENERGY STAR program and ASHRAE standard with Enterprise Green Communities Criteria. For residential buildings up to 3 stories, the Rule should indicate the newest version of ENERGY STAR New Homes, version 2.5. The Enterprise Green

Communities Criteria is equivalent to version 2.5 and requires certification under this version. For residential buildings over 3 stories, the Rule should replace the “exceed ASHRAE 90.1-2007 by 20%” reference with a requirement to meet ENERGY STAR Multi-Family High-Rise. This new ENERGY STAR program will be released in early 2011 and it requires energy performance at 15% better than ASHRAE 90.1-2007. The Enterprise Green Communities Criteria requires certification under this program. Alternatively, the Rule should require 15% better than ASHRAE 90.1-2007 rather than 20% in order to align with the ENERGY STAR program as well as the Enterprise Green Communities Criteria.

8. Recognize substantial equivalency of Enterprise Green Communities Criteria. Because of the widespread adoption of the Enterprise Green Communities Criteria and equivalent green building rating systems in government housing programs and in the affordable housing community, housing program staff and affordable housing providers are comfortable and familiar with the building and certification requirements of these rating systems. Both the Enterprise Green Communities Criteria and LEED include energy efficiency requirements that are substantially equivalent to the green building requirements outlined in the HTF Proposed Rule. If the Rule does not require certification under the Enterprise Green Communities Criteria or an equivalent rating system, the Rule should specifically provide that the energy efficiency requirements of such green building rating systems are substantially equivalent to the ENERGY STAR program and ASHRAE standard referenced in the Proposed Rule, and that compliance with such rating systems satisfies the HTF green building requirements. The Rule should furthermore provide information about the referenced green building rating systems.

Thank you, once again, for the opportunity to provide comments on the Housing Trust Fund Proposed Rule. We commend HUD for your ongoing willingness to seek and respond to public input. Please contact us with any questions or for further discussion.

Sincerely,

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Enterprise Community Partners