



GREEN BUILDING CRITERIA IN 2006 STATE LOW INCOME HOUSING TAX CREDIT PROGRAMS

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INTRODUCTION

This analysis provides an update to the Global Green USA (GGUSA) report *Making Affordable Housing Truly Affordable: Advancing Tax Credit Incentives for Green Building and Healthier Communities*¹ published in February of last year, which presented a summary of the green building criteria in the Qualified Allocation Plans (QAPs) that are used to distribute federal Low-Income Housing Tax Credits for all 50 states.

This analysis uses the same methodology and rating system as the prior report. Each state's QAP was reviewed for the inclusion of green building strategies in four categories – Smart Growth, Energy Efficiency, Resource Conservation, and Health Protection – in a system that allows for a maximum of 50 points to be awarded. Based on the total score, each state is then assigned a letter grade.

TRENDS AND FINDINGS

Overall, more states addressed green building requirements this year and average scores were higher in 2006 than in 2005. The number of states taking a comprehensive approach by including requirements in each of the four categories remained stable at 17, although some states are starting to include the use of comprehensive green building programs such as the Green Communities Initiative and Earth Craft as part of their QAPs.

The distribution of points earned across the main categories and 32 subcategories of the scoring criteria remained similar to the results from 2005. Proximity to transit and services, existing housing rehabilitation, and the use of revitalization plans were most consistently addressed. Other regularly addressed items included specifying energy efficient products, reducing proximity of housing to pollution hazards, and environmental assessments. As in 2005, Resource Conservation was the least addressed green building category. Unlike in 2005 however, all 32 goals were addressed by at least two states this year.

Some key scoring trends in the 2006 analysis are:

- Six states scored above last year's highest score of 24
- The highest score this year is 38
- The average state score increased to 13 from 11
- Three states scored two or fewer points compared to eight states last year

Massachusetts achieved the highest score by addressing 29 of the 32 goals in the rating system and all of the available bonus points. Two states that ranked highly last year, Arizona and Texas, were surpassed by many other states. Several states that had very low scores last year raised their ranking significantly. Mississippi, Oklahoma, and West Virginia each raised their grades from 'F' to 'C'. Maine increased the number of green building goals addressed from 2 to 16, improving its grade from 'F' to 'B'. Alaska and Montana added resource conservation and health protection requirements to raise their grades to 'C'.

¹ Available at www.globalgreen.org/media/greenbuilding/qap_report_2006.pdf

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The geographic distribution of states with green building requirements in their tax credit policies remained similar to 2005. Concentrations exist in the Mid-Atlantic, Southeast, and Pacific Southwest. The Pacific Northwest continued to score low despite its reputation for mature green building policies, sustainable design innovation and exemplary individual green affordable housing projects.

The top five states for 2006 are:

1. Massachusetts
2. Georgia
3. California
4. Pennsylvania
5. Maryland

It should be noted that some states that scored poorly in this analysis are making significant strides towards incorporating green building into their affordable housing funding mechanisms. For example, in 2005 the state of Washington passed legislation requiring green building for all state funded projects and is currently working to implement this requirement into state funded affordable housing development.

LOOKING FORWARD

Green building practices are being rewarded to some degree in all states, but significant potential remains to increase both the number of items address and the level of comprehensiveness. Many states achieved points only in the Smart Growth category. Fewer than half of the states received points in the Energy Efficiency category. Although there was an increase in the number of states incorporating requirements from the Environmental Protection Agency's Energy Star program, along with national or international energy codes, these states were still in a minority. More states need to address each of the four major categories of green building.

In order to increase the rate of adoption of comprehensive green QAP criteria, Global Green believes that there is a need for a minimum national green standard that can be used by all state housing finance agencies. Established rating systems such as LEED for Home, Green Communities Initiative, Earth Craft can then be used, together with incentives, to encourage developments that exceed the minimum national standards. This approach allows state allocating agencies to define both minimum green criteria and incentive thresholds for without needing to develop in-house sustainability expertise.

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Analysis Criteria: 50 points total

Smart Growth – 10 pts

BR: Brownfields Redevelopment-1
UI: Urban Infill-1
AR: Adaptive Reuse -1
PT: Proximity to Public Transit-1
PS: Proximity to Services-1
XH: Rehabilitate Existing Housing- 1
RP: Revitalization Plans -1
HP: Habitat Preservation – 1
FP: Floodplain Preservation – 1
WP: Wetlands Preservation - 1

Energy Efficiency -12 pts

PV: Photovoltaics - 1
SP: Specified Efficient Products (e.g. Appliances, Windows, H₂O Heaters) - 1
IS: Insulation Standards- 1
EP: Energy Star Products - 1
HV: HVAC Performance -1-2
EC: Energy Codes – 3
EB: Energy Star Homes - 3

Resource Conservation Requirements -12 pts

EF: Preserve Existing Flora - 1
RC: Recycled Content Materials -1
MF: Maintenance Free Standard -1
WC: Water Conservation - 5 (Fixtures – 3; Irrigation – 1; Landscaping – 1)
NM: Renewable Materials – 1
UM: Reused Materials – 1
CD: Construction & Demolition Recycling – 1
SW: Stormwater Protection - 1

Health Protection Requirements -11 pts

HZ: Hazard Proximity -1
EA: Environmental Assessment -1
HA: Hazard Abatement (Lead Based Paint, Asbestos Containing Materials, Radon, Groundwater/Soils Contamination) – 1-5
Indoor Air Quality
QP: Paint (No-VOC) – 1
QC: Carpet (Low-VOC) – 1
QF: Formaldehyde Free– 1
QV: Ventilation (Outside Supply Location or Air Changes/Hr) – 1

Bonus: 4 Categories = 5 pts; 3 Categories = 2 pts; 2 or less Categories = 0 pts