

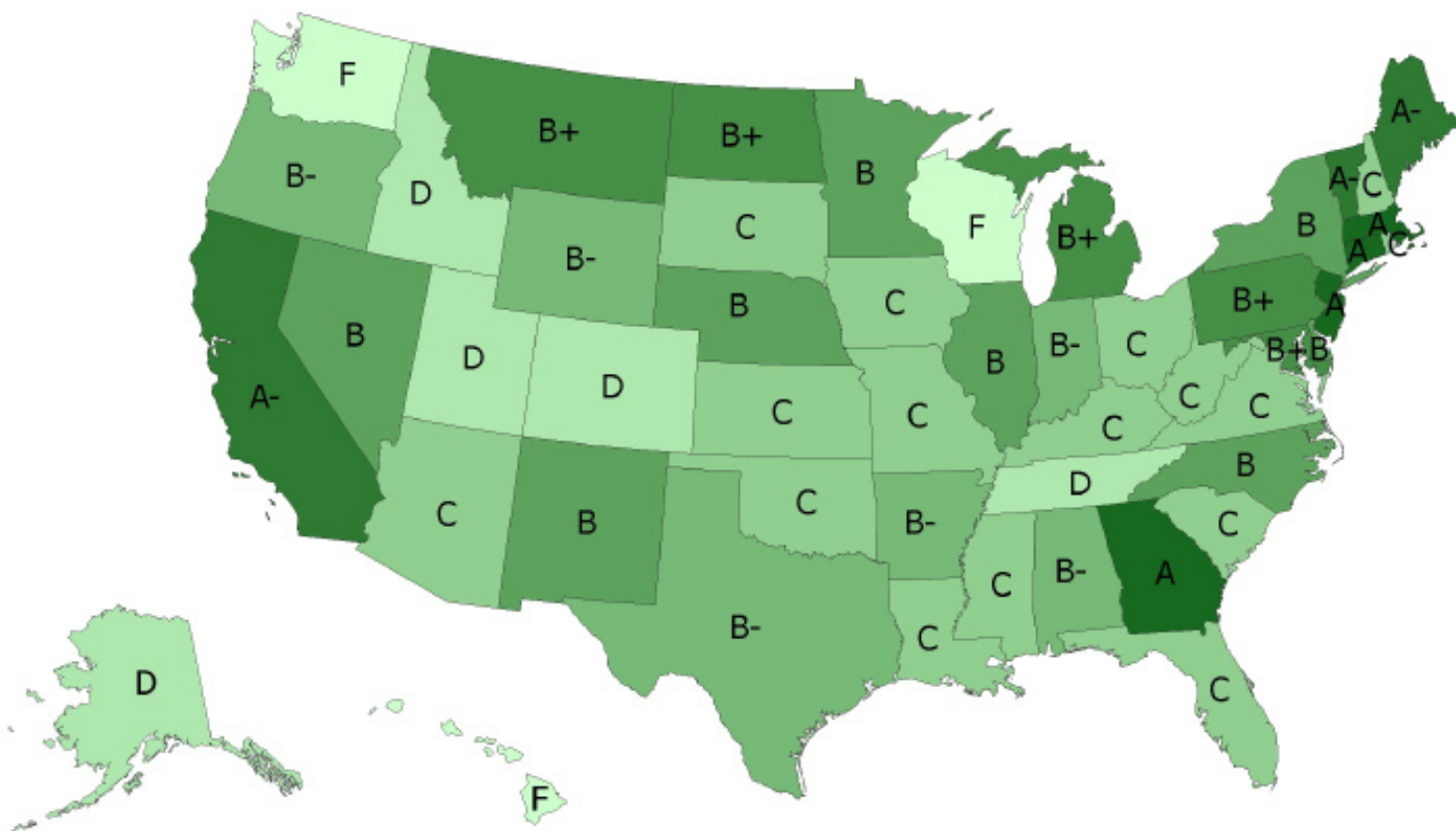


GLOBAL
GREEN
USA

Making Affordable Housing Truly Affordable

*Advancing Tax Credit Incentives for Green
Building and Healthier Communities*

2008 Update





GREEN BUILDING CRITERIA IN 2008 STATE LOW INCOME HOUSING TAX CREDIT PROGRAMS

February 5, 2009

INTRODUCTION

Global Green USA has completed its 4th annual analysis and ranking this year after looking at the 2008 Qualified Allocation Plans (QAPs) for all 50 states. QAPs are typically established by state housing finance agencies and guide the annual distribution of federal Low-Income Housing Tax Credits (LIHTC). The 2008 QAP analysis reveals that affordable housing is increasingly being encouraged to go green.

ANALYSIS METHODOLOGY

The methodology used this year for analyzing and rating the 2008 QAPs follows the general approach established in Global Green's 2006 report, *Making Affordable Housing Truly Affordable: Advancing Tax Credit Incentives for Green Building and Healthier Communities*¹, a publication that provides examples of best practices in green building and recommended baseline green building standards for all QAPs. Each 2008 QAP was reviewed for the inclusion of green building strategies in each of four categories – Smart Growth, Energy Efficiency, Resource Conservation, and Health Protection. Points are awarded for addressing various issues in each category (the full scoring criteria are included on page 4), and a maximum of 55 points are available. A comprehension bonus is provided to states that address multiple categories, and a green building program bonus is assigned to QAPs that reward projects for participating in a comprehensive third party green building program, such as the US Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, Enterprise Community Partner's Green Communities Initiative, or Southface Energy Institute's EarthCraft green building program. Based on the total score, each state is then assigned a letter grade based on deviation from the mean score, which was 25 for 2008.

The scope of the analysis was expanded this year from a strict analysis of just the QAP text to include documents referenced in the QAP. We found that many states are trending toward developing green building or energy efficiency criteria that exist as separate appendices, checklists, or building standards. As a result, several states had newly counted criteria. For example, Illinois awards up to 3 QAP points based on the number of green points achieved from a supplemental Green Housing Initiative document.

TRENDS AND FINDINGS

The 2008 QAPs demonstrate an increased emphasis on green building with the inclusion of many new green building criteria or checklist options. Forty four states improved their scores this year, and the average score increased from 17 to 25. As a result, some states with similar raw scores to previous years received lower letter grades this year, reflecting an increasingly competitive ranking. More and more states are shifting toward the middle or top of the pack, and states that have lagged historically in incorporating green building standards are ranking increasingly worse.

¹ Available at <http://www.globalgreen.org/publications/archive/>

GREEN BUILDING CRITERIA IN 2008 STATE LOW INCOME TAX HOUSING TAX CREDIT PROGRAMS

The top ten states for 2008 and their scores are:

- | | |
|-----------------------|----------------------------|
| 1. Connecticut (48) | 6. Maine (37) |
| 2. Georgia (43) | 7. Vermont (36) |
| 3. New Jersey (42) | 8. Pennsylvania (34) (tie) |
| 4. Massachusetts (40) | 8. Montana (34) (tie) |
| 5. California (38) | 10. North Dakota (33) |

Connecticut tops the list this year by achieving 48 out of the 55 available points. Connecticut also made the largest overall improvement (29 points) by incorporating Green Design and Construction Standards as part of its Housing Finance Authority's design review process. Connecticut's Green Design and Construction Standards were developed using several guidelines including: Energy Star Home, LEED for Homes, Model Green Building Guidelines, Green Building Standards (Maine State Housing Authority), EarthCraft House, and Green Communities Criteria. Four other states (New Jersey, Vermont, Montana, and North Dakota) entered the top ten in 2008 that were not present in the 2007 top ten ranking. North Dakota joined the top ten by going from a D in 2007 to a B+ in 2008. Maryland, Nevada, Alabama, New Mexico, and Arkansas were pushed out of the top ten list. Washington scored poorly this year, but it has developed the Evergreen Sustainable Development Standard that, when incorporated in 2009, will likely result in an increase of 29 points.

Similar to previous years, 2008 QAPs were most successful in scoring points in the Smart Growth category, followed by the Energy Efficiency category. The Resource Conservation category saw the greatest increase in total points achieved, from 14 percent in 2007 to 35 percent in 2008. These gains can largely be attributed to the adoption of water conservation standards. The number of states taking a comprehensive green building approach by referencing points from all four categories, increased from 22 to 40. A smaller increase occurred in the number of states that received bonus points for recognizing a third-party green building program: 9 in 2007 and 11 in 2008.

The 2008 analysis revealed that the geographic distribution of states with green building requirements in their tax credit policies is quite varied. Proving that green building practices are feasible regardless of climate or region, the top ten ranked states came from areas as diverse as the Southeast, Northeast, and Western regions. More importantly, 5 out of the top ten states with the highest LIHTC allocation amounts (see LIHTC rank column) received grades greater than or equal to a B this year.

LOOKING FORWARD

Last year, in the 2007 QAP Summary Report, Global Green spoke of the need for coordinated technical assistance and advocacy efforts to improve the green building criteria in QAPs of states receiving the largest LIHTC allocations. This year, Global Green worked with housing stakeholders and agency staff members to propose revised criteria in the QAPs for New York and Texas. New York increased its score by 20 points and improvements to Texas's green building efforts will be reflected in the 2009 QAP. Global Green renews its call for greater advocacy in prioritizing comprehensive green building practices in the construction of affordable houses.

As green building practices become increasingly familiar, Global Green encourages states to shift more and more of their green building checklist items into requirements, rather than optional criteria. Currently, QAPs in several states are structured such that projects can max out on the number of green building measures they will be rewarded for after including only some of the options from a much larger green building checklist. While these states receive points in Global Green's ranking for every green building measure mentioned, individual projects in these states have little incentive to provide more than what is required to achieve green building points. Nevertheless, it is encouraging that an increasing number of states are spending time establishing their own priorities around green building goals, and Global Green looks forward to seeing more and more concerted efforts in the future.

**GREEN BUILDING CRITERIA IN
2008 STATE LOW INCOME TAX HOUSING TAX CREDIT PROGRAMS**

2008 QAP Green Building Rating Summary

Grade	State	LIHTC Rank	Smart Growth									Energy Efficiency						Resource Conservation						Health Protection						Bonus	Score									
			BR	UI	AR	PT	PS	XH	RP	HP	FP	WP	PV	SP	IS	EP	HV	EC	EB	EF	RC	MF	WC	NM	UM	CD	SW	HZ	EA			HA	QP	QC	QF	QV				
A	CT	30	0	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	3	1	1	1	5	1	0	1	1	1	1	1	5	1	1	1	1	1	1	5	48
	GA	12	1	1	1	1	1	1	1	1	0	1	1	0	1	1	0	2	2	2	3	1	0	1	5	0	0	0	1	1	1	4	0	0	0	1	1	10	43	
	NJ	13	1	0	1	1	1	1	1	0	0	1	1	1	1	2	0	0	3	1	1	0	5	0	0	1	1	1	1	3	1	1	0	1	1	10	42			
	MA	17	0	1	1	1	1	1	1	1	1	1	1	1	1	2	1	2	3	1	1	1	4	0	0	1	1	0	1	1	1	1	1	1	1	1	5	40		
A-	CA	1	0	0	0	1	1	1	1	0	0	0	1	1	1	2	0	2	0	0	1	1	5	1	1	1	1	0	1	1	1	1	1	1	1	1	10	38		
	ME	39	0	1	1	1	1	1	1	0	1	1	0	1	1	2	2	2	0	1	1	1	4	1	0	1	0	0	1	3	1	1	0	1	1	5	37			
	VT	43	0	1	0	1	1	1	1	0	1	1	0	1	1	0	2	2	0	1	1	1	3	1	0	1	1	0	0	1	1	1	0	1	1	10	36			
B+	PA	7	0	0	1	1	1	1	0	1	0	0	1	1	2	2	2	3	0	0	1	5	0	0	0	0	0	1	1	1	1	1	1	1	1	5	34			
	MT	47	1	1	1	1	1	1	0	0	0	1	1	0	2	2	2	0	0	1	1	5	1	1	1	1	0	0	0	1	0	1	1	1	1	5	34			
	ND	46	0	0	1	1	1	1	0	0	1	1	0	1	2	2	0	3	0	1	0	5	0	0	0	0	0	0	1	2	1	1	1	1	1	5	33			
	MD	21	1	1	1	1	1	1	0	0	1	1	1	1	2	2	0	0	0	1	1	3	0	0	0	1	0	1	2	1	1	1	1	0	5	32				
	MI	10	1	1	1	1	1	1	0	1	0	0	1	0	1	2	2	0	0	0	1	0	5	0	1	1	1	0	1	0	1	1	1	1	1	5	32			
B	NE	38	0	0	0	0	0	1	1	0	0	0	1	1	1	2	2	1	0	1	1	1	4	1	1	1	1	0	1	1	1	0	1	1	5	31				
	NM	36	0	0	0	1	1	1	0	0	0	1	1	1	2	0	0	0	0	0	0	5	0	0	1	1	1	0	0	1	0	1	0	1	1	10	30			
	MN	24	0	1	1	1	1	1	0	1	1	0	1	1	1	2	1	0	0	0	0	3	0	0	0	1	1	0	0	0	0	0	0	1	1	10	29			
	NV	35	0	0	0	1	1	1	0	0	0	0	1	1	2	2	2	3	0	0	0	3	0	0	0	0	0	0	1	1	1	1	1	1	1	5	29			
	DE	48	0	0	0	1	1	1	1	0	0	0	1	1	2	2	2	3	1	0	1	4	0	0	1	0	0	1	0	0	0	0	0	0	0	5	29			
	NY	4	1	0	1	1	1	1	1	0	1	1	1	0	2	0	0	3	0	0	0	3	0	0	0	1	0	1	2	0	0	0	0	1	5	28				
	NC	11	0	0	1	1	1	1	1	0	1	1	0	1	1	2	2	0	3	0	0	1	1	0	0	0	0	1	1	2	0	0	0	1	5	28				
	IL	9	0	0	0	1	1	1	1	0	0	0	1	1	1	1	2	0	0	1	1	3	1	1	0	1	1	0	0	0	1	0	1	5	28					
B-	TX	2	0	0	1	1	1	1	0	1	0	0	1	1	2	2	2	0	0	0	3	0	0	1	1	1	1	0	0	0	0	1	5	27						
	AL	6	0	0	0	1	1	1	0	1	1	0	1	1	2	2	2	0	0	0	1	0	0	0	0	0	1	1	3	0	0	0	1	5	26					
	AR	33	0	0	1	1	1	1	1	1	1	0	1	1	2	2	2	0	0	0	1	1	0	0	0	0	1	1	1	0	0	0	0	5	26					
	WY	50	0	0	0	0	1	1	1	1	1	1	0	1	0	2	2	2	0	0	0	1	3	0	0	0	0	1	1	2	0	0	0	0	5	26				
	IN	19	0	1	1	1	1	1	0	1	1	0	1	1	2	2	0	0	0	0	0	3	0	0	0	0	1	1	1	0	0	0	1	5	26					
	OR	28	0	0	0	1	1	1	1	0	0	0	0	1	1	2	0	2	0	0	0	1	5	0	0	1	1	0	1	0	1	0	1	0	5	26				
C	KS	32	0	0	1	1	1	1	0	1	0	0	1	1	0	2	2	3	0	0	0	1	0	0	0	0	1	0	1	0	0	0	1	5	24					
	LA	27	0	0	0	1	1	1	0	0	0	0	0	1	1	2	1	2	0	0	0	1	0	0	0	0	1	1	0	0	0	0	0	10	24					
	NH	41	0	1	1	0	0	1	1	0	1	1	1	0	0	0	0	0	1	0	0	5	0	0	0	1	0	1	2	0	0	0	0	5	24					
	MO	20	0	0	0	1	1	1	1	0	1	1	1	0	2	0	2	3	0	0	1	0	0	0	0	0	1	1	1	0	0	0	0	5	24					
	FL	5	0	1	0	1	1	1	1	0	0	0	0	1	1	2	2	0	0	0	0	5	0	0	0	0	0	1	0	1	1	0	0	5	24					
	AZ	16	0	1	1	1	1	1	0	1	1	0	0	0	0	0	2	0	0	0	0	4	0	0	0	0	0	1	1	0	0	0	0	5	21					
	SC	25	0	1	1	1	1	1	0	1	1	0	1	1	1	2	2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	5	21					
	SD	44	0	0	0	0	1	1	0	1	0	0	0	1	1	2	0	0	0	0	0	1	4	0	0	0	0	1	0	0	1	1	1	0	5	22				
	KY	26	0	0	1	1	1	1	0	0	0	0	0	1	0	2	0	2	0	0	1	0	0	1	1	1	0	0	0	0	1	1	0	5	21					
	OH	8	0	0	0	1	1	1	1	0	0	1	0	0	0	0	1	2	3	0	0	0	0	0	0	0	0	1	1	0	0	0	0	7	20					
	MS	3	0	0	0	0	0	1	1	0	1	1	0	1	1	2	2	0	0	0	0	0	1	0	0	0	0	0	2	1	0	1	0	5	20					
	IA	31	0	0	1	1	1	1	0	0	1	1	0	1	1	0	0	2	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	7	19					
	VA	14	0	0	1	1	0	1	1	0	0	0	0	1	0	2	2	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0	7	19					
OK	29	0	0	0	0	1	1	0	0	0	0	0	0	1	2	2	0	0	0	0	0	1	0	0	0	0	0	1	1	0	0	0	5	17						
D	RI	45	0	1	1	1	1	1	0	1	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	5	16					
	WV	37	0	0	0	1	1	1	1	0	1	0	0	1	0	2	2	2	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	2	16					
F	UT	34	0	0	0	0	0	1	1	1	1	1	0	1	0	1	0	0	3	0	0	0	0	0	0	0	1	1	1	0	0	0	2	15						
	AK	49	0	0	0	0	0	1	1	0	0	0	0	0	1	0	0	2	3	1	0	0	0	0	0	0	0	0	0	0	0	0	1	5	15					
	CO	23	0	0	0	1	1	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	5	13						
	TN	15	0	0	0	0	0	1	1	0	0	0	0	0	0	2	0	2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	2	9						
F	ID	40	0	1	0	0	0	1	1	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	2	8						
	WI	22	0	1	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4						
	HI	42	0	1	0	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4						
WA	18	0	0	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3						
Totals:			6	18	25	38	40	49	48	10	24	25	14	39	33	70	55	45	10	13	23	121	8	6	14	17	22	31	47	18	15	15	23							

Research and analysis by Marisol Wauters and Walker Wells
Report prepared through funding by The Home Depot Foundation

ANALYSIS CRITERIA: 55 POINTS TOTAL

Smart Growth – 10 pts

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

Energy Efficiency – 12 pts

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

Resource Conservation – 12 pts

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

Health Protection – 11 pts

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

Bonus – 10 pts

- 4 Categories – 5 pts, 3 Categories – 2 pts
- Third-Party Green Building Program – 5 pts