

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Action: Approval of Funding for Affordable Housing Energy Improvement Projects

Meeting Date: November 8, 2010
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: 3
Staff Contact: Stephanie Jennings
Contact Telephone Number: 541-682-5529

ISSUE STATEMENT

The City Council is asked to approve the use of Federal Energy Efficiency and Conservation Block Grant funds from the Department of Energy for energy retrofit grants for three affordable housing developments. The proposed projects were identified through an open RFP process. If approved, each project will be jointly funded by the City of Eugene, Housing and Community Services Agency of Lane County (HACSA), and Eugene Water and Electric Board (EWEB).

BACKGROUND

In 2009, the City of Eugene received a formula allocation of \$1,485,800 through the Energy Efficiency and Conservation Block Grant (EECBG) as a part of the American Recovery and Reinvestment Act. The EECBG program is administered by the U.S. Department of Energy. The City of Eugene decided to utilize its allocation to fund six programs including: 1) conversion of four City facilities from steam heating to high efficiency systems; 2) installation of heating and ventilation improvements in other City facilities; 3) funds for energy efficiency improvements for downtown businesses; 4) implementation of a transportation alternatives program called SmartTrips; 5) permit rebates for new energy efficient construction; and 6) grants for energy improvements in existing affordable housing developments.

The overarching goal of the Affordable Housing Energy Improvements Program is to extend the life of existing affordable housing developments, reduce energy consumption, decrease utility costs for low-income tenants, and improve living conditions for vulnerable community residents. In order to leverage limited City funds and enable more projects, staff initiated conversations with HACSA and EWEB staff to identify other potential resources. Staff from each agency worked in collaboration to develop a joint Request for Proposals (RFP) for affordable housing energy improvement projects. The purpose of this collaboration was to pool resources from each agency to provide a complete funding package for each project and create selection criteria that met each agency's funding requirements. The City of Eugene contributed up to \$160,000 of EECBG funds and HACSA contributed up to \$250,000 of Federal Weatherization funds to be made available through the RFP. EWEB's contribution is defined through the various incentive and rebate programs in place for energy efficient improvements. The Intergovernmental Housing Policy Board (HPB) played an advisory role in the development of the RFP and selection process.

The RFP was released June 24, 2010, and proposals were due August 26, 2010. A review committee composed of staff from each agency plus an HPB member met and reviewed the proposals on September 16, 2010. Criteria for project selection included: 1) property and population served; 2) proposed energy

improvement and impact for energy and cost savings; 3) financial feasibility and timeline; and 4) organizational experience and performance. As part of the RFP process, EWEB and HASCA staff conducted an energy audit for each development to help applicants identify cost-effective energy improvements. Each audit included an on-site visit and analysis of previous energy usage. A total of three proposals were received through the RFP. The review committee determined that each proposal met the selection criteria and recommends funding for each project. A description of each project is provided below.

Oakwood Manor - St. Vincent de Paul Society of Lane County Inc. (SVdP): SVdP requests funding to install a ductless heat system at Oakwood Manor. This affordable housing development contains 72 rental units and is located at 1665 Oak Patch Road. Over 75 percent of tenant households have incomes at or below 60 percent of the Area Median Income. The installation of this system will reduce annual energy use by an estimated 120,600 kilowatt hours, lower utility bills, and improve living conditions for low-income tenants. The new system will also provide additional security as window air conditioners will no longer be needed. The total project cost is \$273,000. The City's recommended EECBG contribution is \$73,750. HACSA will contribute \$55,250 in weatherization funds and EWEB will contribute an estimated \$144,000 in energy rebates.

Ross Lane - St. Vincent de Paul: SVdP requests funding to install a solar water pre-heating system at Ross Lane Apartments. This affordable housing development contains 36 rental units and is located at 2640-2652 Ross Lane. Over 90 percent of tenant households have incomes at or below 60 percent of Area Median Income. The installation of this system will reduce annual energy use by an estimated 53,068 kilowatt hours, lower utility bills, and improve living conditions for low-income tenants. The total project cost is \$151,155. The City's recommended EECBG contribution is \$71,577. HACSA will contribute \$56,905 in weatherization funds, EWEB will contribute an estimated \$13,250 in energy rebates, and SVdP will contribute \$9,423.

29th Place - ShelterCare: ShelterCare requests funding to install energy efficient windows at 29th Place. This affordable housing development contains 35 rental units for persons with mental illness and is located at 2984-2988 Oak Street and 2985 Willamette Street. All of the tenants have incomes at or below 60 percent of Area Median Income. The installation of energy efficient windows will reduce annual energy use by an estimated 21,350 kilowatt hours, lower utility bills, and improve air quality and circulation for low-income tenants. The total project cost is \$45,223. The City recommended EECBG contribution is \$14,673. HACSA will contribute \$14,672 and EWEB will contribute an estimated \$15,878 in energy rebates.

In summation, the proposed use of \$160,000 in EECBG funds will leverage a total of \$454,287 in energy investments to fund energy improvements for 143 affordable housing and reduce annual energy use by 195,108 kilowatt hours.

RELATED CITY POLICIES

The City Council has established goals to address affordable housing, homelessness, and community development needs through the Eugene-Springfield 2010 Consolidated Plan. The proposed uses of EECBG funds directly supports the Consolidated Plan by enabling rehabilitation and preservation of existing affordable housing opportunities for very and extremely low-income families and individuals.

The proposed uses of EECBG funds support multiple City Council Adopted Growth Management Policies. The recommended projects directly support the following Growth Management Policies:

- Promote construction of affordable housing.
- Encourage in-fill, mixed-use, redevelopment, and higher density development.
- Provide for a greater variety of housing types.

The proposed uses of EECBG funds directly support objectives included within the Eugene Climate and Energy Action by enabling reductions of energy use in existing buildings and protecting our community's vulnerable low-income families from the impacts of fluctuating energy costs.

COUNCIL OPTIONS

The City Council has three options:

1. Approve funding for all three proposed projects.
2. Approve funding for one or more proposed projects.
3. Decline to approve funding for any proposed project.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends option #1 - approve a total of \$160,000 in EECBG funding for three projects: 1) \$73,750 for installation of a ductless heat system at Oakwood Manor; 2) \$71,577 for installation of a solar water preheat system at Ross Lane Apartments; and 3) \$14,673 for installation of energy efficient windows at 29th Place.

SUGGESTED MOTION

Move to approve the use of \$160,000 in EECBG funding for three projects: 1) \$73,750 for installation of a ductless heat system at Oakwood Manor; 2) \$71,577 for installation of a solar water preheat system at Ross Lane Apartments; and 3) \$14,673 for installation of energy efficient windows at 29th Place.

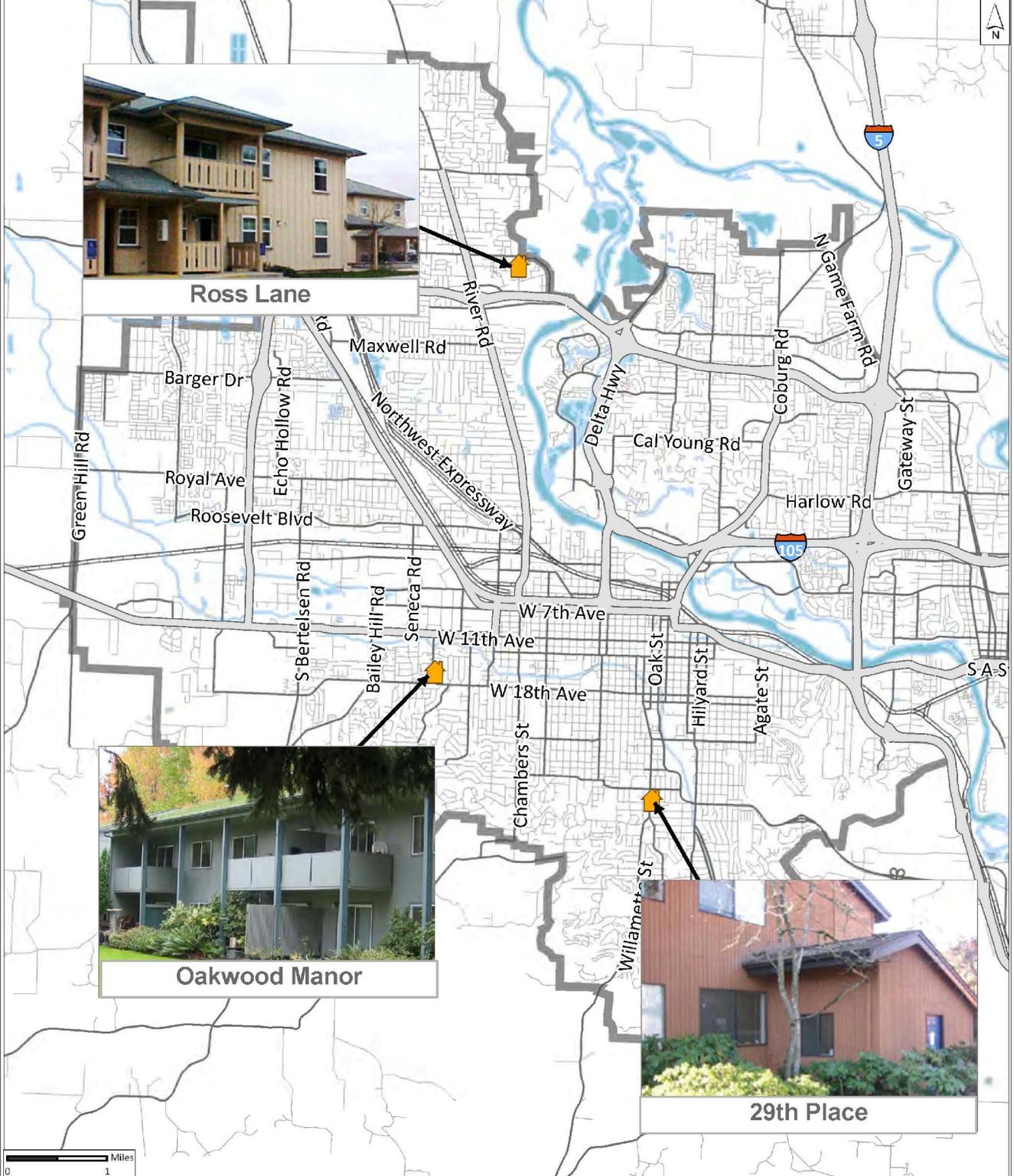
ATTACHMENTS

A. Location Map and Photos of Proposed Affordable Housing Energy Improvement Projects

FOR MORE INFORMATION

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Proposed Affordable Housing Energy Improvement Projects



 Eugene UGB

 Affordable Housing Developments

