

ECONOMIC OPPORTUNITY STUDIES



Community and Economic Development Association of Cook County, Incorporated (CEDA)

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Background

CEDA has the largest W.A.P. sub-grant in the United States. It is a Community Action Agency (CAA) which includes seven community development area offices and three energy service offices in the Chicago area. Multifamily Weatherization has long been part of CEDA's energy programs. Opportunities brought on by the American Recovery and Reinvestment Act (ARRA) required CEDA to innovate ways other W.A.P. agencies may find helpful. This case study covers CEDA adoption in: (1) identifying properties eligible for W.A.P. funding; (2) developing partnerships that facilitate W.A.P. delivery; and (3) ramping up staff and technical resources to accommodate expanding service delivery.

Prior to the ARRA, multifamily buildings comprised only 10-15% of the agency's annual weatherized units. The regular W.A.P. funding available to owners limits their participation. Buildings required a 50% cost-match be unless an unforeseen event requires immediate attention, and the agency's technical and financial resources through WAP. One example: a situation in which an old boiler suddenly fails, leaving tenants without heat and hot water. In this instance, an owner forced to immediately make costly repairs or perhaps replace the entire unit with a new boiler has called on CEDA to match his contribution and assist in locating utility and equipment manufacturer rebates. ARRA funding required serving more multifamily buildings; the State of Illinois suspended the owner cost match requirement.

Identifying Eligible Properties for W.A.P.

However the utilization of ARRA-W.A.P. funding presented challenges the agency could not overcome simply by advertising the availability of more funds. The anticipated increase in applications required adding administrative and technical resources quickly. New lines of communication to building owners had to ensure new participation. Property owners potentially eligible for the program but who had not applied needed to be identified and informed about the potential including: where to apply, what information was required to complete an application, how buildings were to be evaluated; how the sequence of energy assessments and contract services would be timed and their need to understand the program's benefits, and meetings with tenants to understand the program's benefits. Additional CEDA intake services were needed to provide an organized and timely process to review and approve tenant applications. Other administrative, technical and contract services had to be planned and established.

Identifying the Candidate Properties

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The collection of data for preliminary screening purposes is streamlined when W.A.P. staff has working relationships with building owners and access to information about the buildings' condition and energy characteristics. CEDA developed working relationships with the federal and state housing agency officials responsible for a portfolio of assisted buildings and they help the W.A.P. specialists identify which buildings are more suitable candidates for Weatherization.

An important element of these successful partnerships is that formalized partnership arrangements are not used. Rather the responsiveness of all parties once the ARRA resources were announced led to a schedule of active, ongoing, helpful discussions between CEDA and staff of HUD, state, local and non-profits that greatly facilitated multifamily Weatherization activities in Chicago.

Two categories of buildings were targeted for the partners' review as being those with owners most likely to be responsive and with probable inefficiencies.

Receivership Properties

According to CEDA managers, individuals from these entities responsible for monitoring the receivership process have been willing to assist CEDA by assessing whether or not the impacts of Weatherization can become part of the receivership terms. For instance, the possibility of receiving free Weatherization measures may encourage an owner to pay for health and safety issues out-of-pocket that are also part of the remediation terms.

Identifying Properties through Public Housing Inventories

CEDA's locations and HUD field offices in the Chicago area offered settings for personnel from both to meet and discuss what buildings may be eligible for the program. Their meetings present an opportunity to review individual building files to obtain much of the information needed in identifying Weatherization candidates. But there are information gaps that even these informal reviews cannot address. As an example, the federal Memorandum of Understanding between HUD and the Department of Energy (DOE) produced a potential inventory of large, multifamily units in Chicago. However, the large HUD inventory presents some problems that required CEDA to go out to identify eligible buildings. The HUD/DOE lists compile properties by some form of common name but not by formal physical address. While this is not an overwhelming challenge it does require more time in identifying where the properties are actually located. CEDA personnel also had to cull from the lists properties that had good energy performance as result of their age or other energy-efficiency programs. For example, one investigation revealed a building that was five years old and had received a Silver Certification endorsement by the Leadership in Energy and Environmental Design (LEED) arm of the U.S Green Building Council. W.A.P. and LEED results do not derive from the same bench-marking and energy assessment processes. LEED is traditionally a new-construction assessment that incorporates high energy performance and environmental features into a building when it is under construction. Onsite pre-assessments eliminated eligible properties for these and other reasons and led to a final list of approximately 50 eligible HUD properties that instead of the original 200 possible candidates.

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The Illinois Housing and Development Administration (IHDA) staff also assisted CEDA in identifying properties financed or owned by the state. The state agency's buildings typically tend to be smaller-sized buildings than HUD's inventory, and they are monitored less frequently. IHDA staff was less likely to have detailed knowledge of the current condition of a building in their files. HUD-financed property owners negotiate more frequently for additional loans and loan modifications than IHDA-financed property owners. These requests often come as a result of the need to make building repairs or other structural problems. The more interaction agency personnel (HUD or IHDA) have with building owners, the more this information can assist CEDA in delivering Weatherization services to the owner/tenants

Attracting Owners to Participate

Partnering with an Affordable Housing Lender for Coordinated Financing

The non-profit Community Investment Corporation of Chicago ([CIC](#)) provided assistance in identifying eligible properties, and in some cases, the CIC mission is to provide neighborhood revitalization through innovative financial packaging for both new construction and property rehabilitation. CIC provides many financial resources to owners of affordable housing and its employees are in frequent contact with owners.

CIC offers its own energy retrofit program to qualified building owners through a program entitled 'CNT (Center for Neighborhood Technology) Energy Savers'. This program provides energy auditing services. CIC can then offer a loan for Weatherization and other energy improvements that meet the 'CNT Energy Services' criteria. A spokesperson for CIC indicates that while there is no formal process to combine both the Energy Savers and W.A.P. funding on projects, CIC and CEDA personnel discuss items such as what measures each agency will fund, the contractors that will be used and the timetable for work being implemented. Many of the same contractors are used by both agencies, although this is a result of contractor bids and qualifications, not of a formal approved contractor list that they share.

Outreach for Partnerships with Private Owners

CIC is active with the area Building Owners and Managers Association (BOMA).¹ BOMA, which has chapters in most cities, provides multiple resources (marketing, technical, lobbying, e.g.) for building owners and managers can access better building performance, cost savings, political analyses or research. CIC used its contacts to ensure CEDA managers became more acquainted with BOMA members. CEDA believes this relationship will make it much easier to work in the multi-family market in the future.

CEDA management approached the Institute for Housing Studies (IHS) at DePaul University. IHS conducts research on housing issues in Cook County. Data from this research is used to inform housing-related policy and resource allocation decisions that support the Preservation Compact² of Cook County. Funded by the MacArthur Foundation, and guided by the Urban Land Institute, the Preservation Compact is comprised of organizations from the public and private sectors that work to retain and build affordable housing in Cook County. IHS staff members participate in an Interagency Council to implement key initiatives of the Preservation Compact and maintain connections to developers, financiers and others in the affordable housing network. An outreach coordinator for IHS assisted CEDA in establishing two highly successful and well-attended owner W.A.P. events that resulted in a number of owner applications.

Streamlining ARRA Projects: the Local Building Department is Essential

The interaction between CEDA and the Chicago building department has also evolved during ARRA. The increased volume of Weatherization applications of large buildings threatened bottlenecks in the traditional city permit application process. CEDA met with building department officials in the beginning of the ARRA W.A.P. ramp-up to explain the scope of ARRA, including the significantly increased number of units requiring permits and the deadline.

There are two types of permit processes that the building department undertakes. One process is traditional: typically an owner or contractor will submit a plan for the project, and this will include a review of blueprints, a list of subcontractors and/or other evidence that the building department determines important for final permit approval.

The second process is an 'expedited permit. It is typically issued for projects that are not deemed "construction-oriented." These activities typically include permit requests to build a fence around a yard. The difference between the two processes can be up to six weeks. The building department agreed to use this latter process, deeming W.A.P. to be not "construction-oriented," as a way to guarantee Chicago tenants received all possible ARRA benefits.

Ramping Up Staff and Technical Resources

Determining Tenant Eligibility

Many of CEDA's multi-family projects will deliver Weatherization investments to apartments of eligible households and, in some, will upgrade central heating or equipment. CEDA's network of intake specialists agreed to flexible schedules to deliver application services at other times that are convenient to clients. CEDA's existing intake specialist pool is now well over 100 workers who are especially prepared to meet clients at times and venues that are convenient to the tenant. The incentive for these workers is that each intake specialist is paid per application. Many intake specialists are people inclined to work outside traditional hours, and the format fits well the needs of low wage working tenants.

New Employee Specialization-Manager and Technical Staff

CEDA created a new manager for multifamily Weatherization position. The new strategist manager is also an architect. CEDA's Weatherization director ...helped shape the multifamily Weatherization program and will continue to be instrumental in the post-ARRA period.

The agency's service area includes some of the largest multifamily buildings in the United States. The retrofitting the large high-rise buildings, according to CEDA management, requires a skill set that includes commercial- grade construction experience. An experienced architect not only provides project management expertise but also has a broad perspective on design, including the impact of building design on occupant safety and comfort and the integration of buildings into the plans of the larger community. Large high-rise buildings are complex facilities with integrated mechanical systems that can be challenging to understand and operate. Other CEDA multifamily program support positions were filled by persons with a background in commercial construction, necessary for work with engineers, specialists and contractors from the commercial building industry.

Energy Modeling

The tool used for assessment purposes is the DOE-approved EA-Quip. The program manager indicated that, in the future, a pre-assessment evaluation model using utility data will be adapted to determine building candidacy for Weatherization. The methodology being considered is an Energy Use Index (EUI). Energy professionals familiar with the Home Energy Rating Service (HERS) will relate this to the HERS-EUI. A HERS Index of 100 represents the energy use of the 'American Standard Building' and an Index of 0 (zero) indicates that the 'Proposed Building' uses no net purchased energy. There are many similar examples of EUI indices. In the case of CEDA a specific, Chicago-based EUI will represent the 'base' performance of a specific building in regard to its' age, square footage, height, number of units, types of fuel consumed, types of heating and cooling units in place and perhaps other factors. By simply adding change-out factors to a spreadsheet a generic modeling of the building in a 'proposed' state will provide a basic idea of how much energy can be conserved in a building and how much it will cost approximately to provide the specific measures to achieve those savings. (Agencies interested in using a building pre-assessment tool but not wanting to design one from scratch should consider benchmarking tools already on the market, such as WegoWise® used in the W.A.P., whose owners claim that the product was designed for the affordable housing multifamily market.)

CEDA's Expertise Assists Others

CEDA's work has come to the attention of other Weatherizers in Illinois. An agency close to CEDA in a community that is mainly-populated by above-average income earners turned to CEDA and asked for assistance in a large low-income multifamily building. This agency had no experience with multifamily Weatherization. CEDA offered advice and technical support in weatherizing the complex.

In the southern part of the state the multifamily program manager assisted smaller agencies who had no prior multifamily experience. He emphasized to these agencies that they could potentially be assisted in their endeavors by forming partnerships with the same local organizations CEDA works with - meeting with their respective building departments, discussing their intentions and asking HCCD, IHDA and non-profits for assistance on building candidates.

Summary

The increased funding from ARRA prompted the agency to not only 'gear up' by hiring more people with different skills, it also prompted the agency to explore how other organizations and individuals in the community could assist delivery of the ARRA W.A.P. program. Through this extended outreach initiative, CEDA has been able to meet its Weatherization goals. Subsequently, the partnerships are likely to continue, not only to meet additional budgeted goals for Weatherization, but because these partnerships have value in community relations and building better relationships with building owners. Building owners have a better understanding of the agency's capabilities. Meeting on the building owner's 'turf', and with organizations like BOMA, may lead to service opportunities in the future.

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¹ The Building Owners and Managers Association (BOMA) International is an international federation of more than 100 local associations and affiliated organizations. Founded in 1907, its 16,500-plus members own or manage more than nine billion square feet of commercial properties. BOMA International's mission is to enhance the human, intellectual and physical assets of the commercial real estate industry through advocacy, education, research, standards and information. BOMA website: <http://www.boma.org/Pages/default.aspx>. To locate a BOMA-affiliate click on: <http://www.boma.org/Pages/default.aspx>

² The Preservation Compact brings together the region's public, private and nonprofit leaders to address the loss of affordable rental housing stock in Cook County. -- Quote from the Urban League Institute website: <http://chicago.uli.org/Community%20Building/The%20Preservation%20Compact.aspx>