

Minnesota Green Communities Initiative

How Green and Healthy Became the Standard for Affordable Housing in Minnesota

“Minnesota’s swift head start in galvanizing a green housing revolution is partly the result of its unusual leadership structure in affordable housing finance and policy. Two large nonprofit housing funds in Minnesota—one for the Twin Cities, the other for the balance of the state—channel money, talent, and expertise into the affordable housing market on a scale that is rare (and in many ways unmatched) anywhere in the country...Their influence, and their close working relationship with the state Housing Finance Agency, is evident in a number of housing initiatives in which Minnesota has been among the nation’s leaders.”

—Tony Proscio, Author, *Affordable Housing’s Green Future*¹



Brook Commons, Minneapolis | Minnesota Green Communities Demonstration Project
Opened September 2009

Since 2005, the Minnesota Green Communities Initiative, a partnership between the Greater Minnesota Housing Fund (GMHF), Family Housing Fund, and Enterprise Community Partners (Enterprise) has transformed the affordable housing development process and shifted the expectation of how affordable housing can benefit residents and communities in Minnesota. The Initiative partners understand that affordable housing goes beyond shelter. *Because of the Minnesota Green Communities Initiative, affordable housing construction and rehabilitation—financed through the Minnesota Housing Finance Agency (Minnesota Housing)—promotes resident health, brings economic benefit to residents and communities, and supports environmental health.*

Enterprise Green Communities

In 2004, Enterprise made a commitment to bring the health benefits, such as fewer occurrences of respiratory illness; economic benefits, like utility cost savings; and environmental

benefits, such as walkable communities; of green building to low-income communities. At the time, Enterprise had more than 20 years of experience supporting low- and moderate-income communities, largely through investments in affordable housing. They recognized that green building was becoming a national movement, but that affordable housing was on the periphery. Dana Bourland, Vice President and head of Green Communities at Enterprise Community Partners at the time, noted, “It was becoming obvious that it would be a disadvantage to people not to live in green homes.” Enterprise’s commitment to equitable community development launched Green Communities, which seeks to integrate green building and affordable housing.

Enterprise Green Communities works in partnership with affordable housing stakeholders to promote green affordable housing in three ways: building standards and technical assistance, capital investment, and policy advancement.

¹ Proscio, Tony. (2007). *Affordable Housing’s Green Future*. Enterprise Community Partners, Inc. <http://www.enterprisecommunity.com/resources/ResourceDetails?ID=64911.pdf#>

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In 2004, one of Enterprise's first challenges was to establish a set of green building criteria that ensured costs were not prohibitive, requirements could be implemented immediately, and standards would produce demonstrable results in the areas of water and energy efficiency, smart land use, and resident and community health. To achieve this, Enterprise engaged a national interdisciplinary advisory committee.² Once the Green Communities Criteria were established, Enterprise offered this framework, along with technical assistance and support, to the local partnerships they entered into across the country.

Bourland believes that the Green Communities Criteria expedited the national conversation about green building practices in affordable housing because, having already defined what green affordable housing was, it allowed partners to focus on how to accomplish the goal of delivering it. In addition to technical assistance, Enterprise invested over \$700 million in affordable housing developments across the U.S. over the first five years of Green Communities. Furthermore, Enterprise lent their reputation and expertise to advancing affordable housing policy that facilitated and encouraged green building at the federal, state, and local levels. The three pronged strategy of Green Communities—provide building standards and technical assistance, invest capital, and advance policy—provided the resources and flexibility necessary for Enterprise to be successful in their partnerships, including in Minnesota.

Origins of the Minnesota Green Communities Initiative

The process of Minnesota becoming the first statewide partnership for Enterprise Green Communities began late in 2004 when Amy McCulloch, then Vice President of Programs at GMHF, spotted an announcement for the program buried in the constant stream of emails she received every day. McCulloch recognized the value Enterprise had created by establishing specific criteria to enhance health, economic,



and environmental benefits specifically within *affordable housing*. With the Criteria in place, GMHF would be able to formally organize their support of green affordable housing in Greater Minnesota around defined goals. McCulloch brought Green Communities to the attention of Warren Hanson, the President and CEO of GMHF.

Hanson was enthusiastic about the idea because he recognized how the goals of Green Communities aligned with GMHF's strategic plan to promote sustainable development, and immediately contacted Enterprise about establishing a partnership. During their initial conversations, Hanson and Bourland acknowledged that it did not make sense for GMHF, which serves Minnesota's 80 counties outside the Twin Cities, to adopt this initiative alone. Seeking a broader approach, Hanson contacted Tom Fulton, the President of the Family Housing Fund, with the opportunity to team up with GMHF and Enterprise on Green Communities. Like GMHF, the Family Housing Fund plays a philanthropic intermediary role for affordable housing initiatives, but in the Twin Cities metropolitan area. The leadership of the two

² The advisory committee included the Natural Resources Defense Council, the U.S. Green Building Council, the National Center for Healthy Housing, the Center for Maximum Potential Building Systems, the American Planning Association, the American Institute of Architects, Global Green USA, and Southface.

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organizations had a long established partnership, and the conversation progressed quickly. However, many questions needed to be answered before launching a major, system-wide initiative.

The discussion between the two Funds raised various issues. If the Funds already encountered difficulties supporting affordable housing: why add more criteria that the projects have to meet? Funding resources for affordable housing were limited: would there be new money coming into Minnesota to fund green enhancements? The Funds were housing experts, with minimal experience in green building: was it their place to get into the “green” business? And what was “green”? After thoughtful planning, energizing meetings with Enterprise, and meetings with local green and housing experts (see *Minnesota Green Communities Initiative Advisory Committee* section), it became clear that Green Communities presented a new opportunity for the two Funds to play a catalytic role in promoting healthy, sustainable housing statewide.

The partners also recognized that Minnesota Green Communities would need a dedicated person to coordinate the capital investment, technical assistance, and policy advancement strategies, and serve as a central point of contact for stakeholders. The Family Housing Fund and GMHF hired

Janne Flisrand as an independent coordinator (see *Role of the Independent Coordinator* sidebar) because of her experience working on housing and environmental initiatives. Since the Minnesota Green Communities Initiative official launch in 2005, Flisrand has worked closely with McCulloch; Angie Skildum, Multifamily Policy and Portfolio Director at the Family Housing Fund; and other key staff members to coordinate the Initiative’s three pronged strategy and tailor it to Minnesota.



“Everything was ripe within the state of Minnesota for the Green Communities Initiative to be highly successful. There were willing partners in the philanthropic, development, finance, green building, and academic communities; a strong infrastructure with the Minnesota Housing Finance Agency; and an understanding that location, resident health, integrated design, and resource conservation were important aspects of providing excellent affordable housing.”

—Dana Bourland, former Vice President, Enterprise Community Partners

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ROLE OF THE INDEPENDENT COORDINATOR

Collaboration has become increasingly popular in the nonprofit and public sectors as a way to innovate and maximize the impact of constrained resources. One challenge of this model is that collaboration creates new work. Research on building and maintaining successful collaborations has indicated that having a staff person dedicated to managing the partnership is key to success (for example, see John Kania and Mark Kramer’s work on “collective impact”). When the Greater Minnesota Housing Fund (GMHF) and the Family Housing Fund decided to partner with Enterprise Community Partners (Enterprise) on the Minnesota Green Communities Initiative, it was clear that they needed to hire an additional person to manage it. Neither organization had staff they could dedicate solely to managing the Initiative; furthermore, the organizations wanted to be equal partners. The Housing Funds felt that an independent coordinator would have the most success transforming relationships and bringing new stakeholders to the table.

The Housing Funds invested their flexible dollars and lent their reputations to the Initiative, but the goals were bigger than either individual nonprofit. Under the coordination of an independent consultant, the Minnesota Green Communities Initiative started a new conversation with a broad group of stakeholders about all of the benefits that green affordable housing can bring to residents and communities. The partners wanted to create system-wide change. Having been successful, the Initiative continues to work to improve funder/developer relationships and advance the way the affordable housing industry interacts with other sectors today.

Since 2005, the Housing Funds have split the personnel cost of the Minnesota Green Communities Initiative Coordinator, Janne Flisrand. As an independent coordinator, Flisrand supported the relationships with the Advisory Committee members (see Minnesota Green Communities Initiative Advisory Committee list on page 5); has been a single point of contact for developers, contractors, architects, and public officials seeking technical assistance; facilitated meetings among partners; supported the creation of the Minnesota Overlay (see *System-Wide Policy Change* section on page 11); and advocated for the goals of the Minnesota Green Communities Initiative by building connections across industries and between organizations. Jerry Narlock, an architect at the Minnesota Housing Finance Agency (Minnesota Housing) said, “Getting everyone on the same page is a key component to being successful.” Flisrand has helped to do just that through her position; the Minnesota Green Communities Initiative would not have been as successful without her behind-the-scenes work.

Similarly, Flisrand could not have been successful without the support of the two Housing Funds. The backing of GMHF and the Family Housing Fund gives her credibility to advocate and build bridges between partners. She is also quick to compliment the support she continues to receive from staff at both organizations—she can draw on their experience to brainstorm strategies and get advice. This unique arrangement has made the Minnesota Green Communities Initiative highly successful, but it requires mutual commitment, investment, and open lines of communication.



Ripley Gardens, Minneapolis | Minnesota Green Communities Demonstration Project, Opened October 2007



Pictured, from left to right: Warren Hanson, President and CEO, Greater Minnesota Housing Fund; Janne Flisrand, Program Coordinator, Minnesota Green Communities Initiative; and Tom Fulton, President, Family Housing Fund. (photo courtesy of the Blue Cross and Blue Shield of Minnesota Foundation)

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Building upon Interest

By the time the preliminary meetings between the two Housing Funds and Enterprise were underway in early 2005, several of Minnesota’s affordable housing developers had already begun experimenting with green building and management practices—from designing improved building envelopes to using efficient heating systems. Nevertheless, the public—and funder—perception of green building was that it was a premium add-on. It was not something associated with *affordable* housing. Despite this unreceptive environment, affordable housing developers were moving toward green building because, as long-term owners, they saw the benefit to decreasing operating costs and increasing resident satisfaction through strategies such as promoting walkability, improving thermal comfort, and reducing indoor noise and air pollution. The Funds reached out to local experts at the University of Minnesota, Minnesota Housing, Green Institute, Fresh Energy, and Center for Energy and Environment to talk about the applicability of Green Communities in Minnesota and to ask for their support. With the backing of leaders in the green building and affordable housing industries, it was a logical decision for the two Housing Funds, as intermediary organizations, to support the pioneers in fully capturing the benefits of green building by providing technical assistance, capital, and affecting policy change through the Minnesota Green Communities Initiative.

“There were a number of nonprofit developers that were working on [the green building] issue already. They were alert, and looking for ways to do this. Or, they were doing it, and looking for ways to expand. It felt like we were congruent with the nonprofit development field.”

—Tom Fulton, President, Family Housing Fund

Advisory Committee

Technical assistance and policy advancement were two of the three pillars of Enterprise Green Communities and the Housing Funds knew that they would be critical components to building capacity within Minnesota as well. Unfortunately, neither Fund had green building expertise; nevertheless, over the years, both had worked with professionals who did have the necessary knowledge to support the integration of green building and affordable housing. Therefore, the Funds were in a perfect position to convene the experts who could stimulate this work. Co-chaired by Hanson, Fulton, and Bourland, the Housing Funds and Enterprise assembled the Minnesota Green Communities Initiative Advisory Committee, comprised of philanthropic partners, public officials, developers, nonprofit organizations, private firms, and researchers (see list below).

MINNESOTA GREEN COMMUNITIES INITIATIVE ADVISORY COMMITTEE | ACTIVE 2005–2009

Erin Barnes-Driscoll, Minnesota Pollution Control Agency
Dana Bourland, Enterprise Community Partners
Cathy Capone Bennett, Urban Land Institute
John Carmody, Center for Sustainable Building Research
Tom Fulton, Family Housing Fund
Chip Halbach, Minnesota Housing Partnership
Warren Hanson, GMHF
Sarah Hernandez, The McKnight Foundation
Don Hickman, Initiative Foundation

Dave King, Center for Energy and Environment
Michael Krause, Kandiyohi Development Partners
Mike LeBeau, Conservation Technologies
Katy Lindblad, Minnesota Housing
Alison Lindburg, Dovetail Partners, Inc.
Michael Noble, Fresh Energy
Dave Nozal, Tree Trust
Carolyn Olson, Greater Metropolitan Housing Corporation
Ron Price, Twin Cities LIISC

Chris Reed, Reed Energy, Inc.
Tom Sagstetter, Great River Energy
Tom Schirber, Tom Schirber Consulting, LLC
Jim Solem, Center for Urban and Regional Affairs
Dean Talbott, Minnesota Power
Harold Teasdale, Minnesota Attainable Housing Corporation, MN Brokerage Group
Agatha Vaaler, The Green Institute
Edward VonThoma, Building Knowledge, Inc.

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“We didn’t want to plunge into [the green building field] in which we didn’t have the same expertise as people who have devoted their lives, so we formed an Advisory Committee. We went to the champions of green practices; we engaged them and asked for their help in guiding this. They were very forthcoming.”

—Tom Fulton, President, Family Housing Fund

In 2005, the national Green Communities Criteria that Enterprise had established were completely voluntary in Minnesota, so the questions facing the Advisory Committee were: How would the Minnesota Green Communities Initiative get developers to use the Criteria? Would the capital funds committed by the Family Housing Fund, GMHF, and Enterprise be enough to incentivize the use of the Criteria? And would it be enough to create a sizable impact? The Advisory Committee helped answer these questions and more, by serving three main purposes in the early years of the Minnesota Green Communities Initiative:³ (1) They provided technical assistance; (2) they enhanced the credibility of the Minnesota Green Communities Initiative by putting their reputations behind it; (3) and they helped set the agenda for the Initiative. By bringing their personal and institutional expertise and credibility to the Initiative, the Advisory Committee signaled to Minnesota’s affordable housing industry that the Green Communities Criteria were sound principles to implement, and that this was the direction the sector was heading more broadly. By 2006, the Advisory Committee had helped set the Initiative’s ambitious agenda, backing a plan to fully incorporate green building practices into the culture of affordable housing development statewide. The Minnesota Green Communities Initiative leadership set a high goal: *to make all new and rehabilitated affordable housing green, healthy, and sustainable within five years (by 2010) by investing capital, building the technical capacity of the industry, and advancing policy.*



Cherry Ridge, Mankato | Minnesota Green Communities Demonstration Project
Rehabilitation completed July 2008

Capital Investment in Demonstration Projects

Before the Minnesota Green Communities Initiative partners could advocate for the full integration of green building and affordable housing, they had to prove that green building, and specifically the Green Communities Criteria, would benefit Minnesota. Similar to Enterprise’s national strategy, the Minnesota Green Communities Initiative made significant capital investment in demonstration projects that met the Green Communities standards. In 2005, the first year of the Initiative, the Family Housing Fund, GMHF, Enterprise, and the Advisory Committee set a goal to build or rehabilitate 100 units of affordable housing to Green Communities standards over two years. To reach this goal and lay the foundation for future policy advancement, the Housing Funds and Enterprise agreed to provide funding to eight demonstration projects—four projects in the Twin Cities metropolitan area and four in Greater Minnesota.⁴

³ The Minnesota Green Communities Advisory Committee met from 2005 through early 2009.

⁴ The eight demonstration projects were Brook Commons (Van Cleve West) in Minneapolis, Cherry Ridge in Mankato, Infill Single Family Homes in Duluth, New San Marco in Duluth, Park Avenue Apartments in Minneapolis, Ripley Gardens in Minneapolis, Viking Terrace in Worthington, and the Wellstone Apartments in Minneapolis.

Minnesota Green Communities Initiative

Architects' renderings of the eight Minnesota Green Communities Demonstration Projects



Brook Commons, Minneapolis



Cherry Ridge, Mankato



Infill Single Family Homes, Duluth



New San Marco, Duluth



Park Avenue Apartments, Minneapolis



Ripley Gardens, Minneapolis



Viking Terrace, Worthington



The Wellstone, Minneapolis

The Minnesota Green Communities Initiative partners were able to make this critical initial investment because of the flexible funds available to the Housing Funds from The McKnight Foundation and Blandin Foundation, and through Enterprise's funders, such as The Kresge Foundation, the Kendeda Fund, and The Home Depot Foundation. The Funds had provided financing to numerous affordable housing projects over the years, but they were not sure what the demand for funding would be when applicants had to meet the Green Communities Criteria. The partners were pleased to receive seventeen applications in the first year.

The demonstration projects were critical to showing Minnesota funders that the Criteria were workable and to establishing the evidence base that Enterprise used in 2009 to determine that meeting the Green Communities Criteria would produce an average net benefit of \$1,100 per unit in lifetime utility cost savings. They calculated that meeting the Criteria increased the project cost by an average \$3,500 per unit, but would create a lifetime utility cost savings over \$4,600 per unit.⁵ Utility cost savings was just one of the expected benefits of meeting the Green Communities Criteria; there were additional benefits

such as health care savings and neighborhood improvement that were harder to measure. The capital investment strategy of the Minnesota Green Communities Initiative was designed to encourage developers to try the Criteria by covering most of the average premium for the enhancements.

In the first year of the Minnesota Green Communities Initiative, the Housing Funds and Enterprise invested over \$489,000 in 218 affordable housing units, far surpassing their original two-year goal. The following year, the Initiative supported the construction and rehabilitation of another 147 affordable units with \$259,000 in grants. In this second round of demonstration project funding, the Housing Funds and Enterprise aligned their application process with the Consolidated Request for Proposals (RFP)⁶ at Minnesota Housing, using the same application date and forms. This simplified the funding application process for both the developers and the Minnesota Green Communities Initiative partners without affecting the state funding process. It was the first step in aligning green building and affordable housing at the state level and laid the groundwork for the system-wide change that would take place over the next few years.

⁵ Enterprise Community Partners, LLC. 2012. Enterprise Green Communities Criteria: Incremental Cost, Measurable Savings Update. Davis Langdon, an AECOM Company. In 2012, Enterprise updated their 2009 estimates to reflect lower projections of the escalating water and energy costs. The net savings is still positive, at \$163 per unit in lifetime utility savings.

⁶ Each year, the two Housing Funds join Minnesota Housing and other funding partners to evaluate affordable housing funding requests through a single Consolidated RFP process. All developers seeking subsidy must apply using the same standards and application, which is submitted once, and viewed by the multiple funding partners. Statewide efficiency and coordination are the goals of this process.

Minnesota Green Communities Initiative

Capital Investment Outcomes

Over the first two years of the Initiative (2005–2006), 365 affordable housing units received over \$748,000 in demonstration project funding from the Minnesota Green Communities Initiative and Enterprise. These positive demonstrations proved that the Green Communities Criteria could be successfully applied to affordable housing construction and rehabilitation projects across Minnesota; it also established that the Criteria were feasible for rental and homeownership projects, and in mixed income and mixed use communities. Importantly, the demonstration projects proved that the Criteria would produce immediate health, economic, and environmental benefits, such as promoting physical activity among residents, reducing utility and transportation costs for residents, and reducing surface run off.

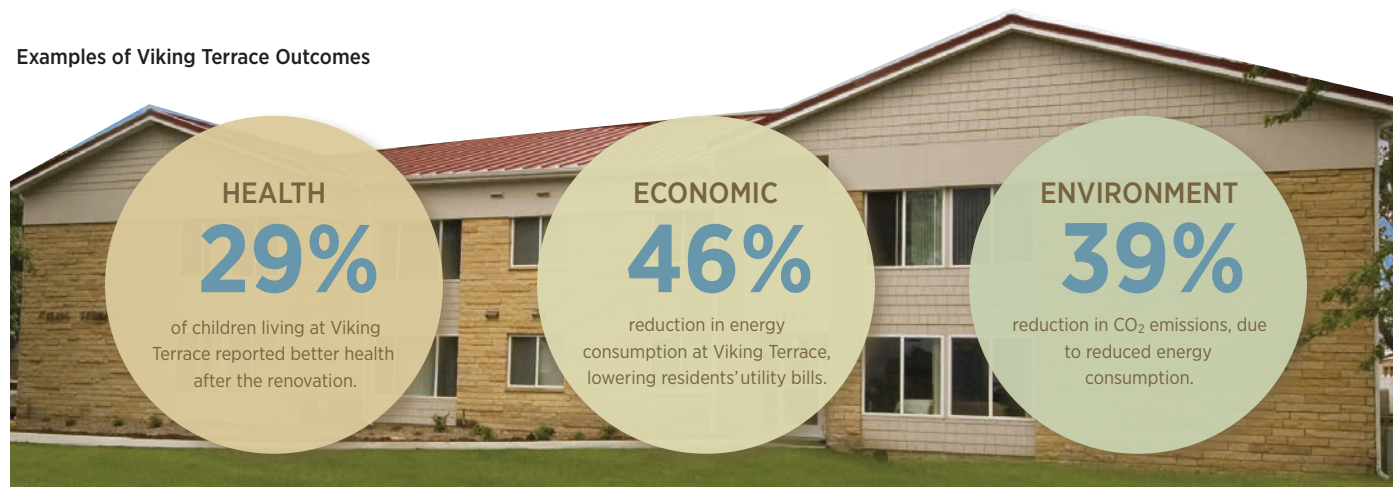
Viking Terrace was a dilapidated apartment complex in Worthington, Minnesota that was purchased and rehabilitated by the Southwest Minnesota Housing Partnership (SWMHP) and received funding as one of the eight Minnesota Green Communities Initiative demonstration projects. The project received a \$175,000 grant from the Minnesota Green Communities Initiative and Enterprise to complete the green

rehabilitation of 60 units. Viking Terrace was the subject of the first study on the impact of green building practices on low-income residents by the National Center for Healthy Housing and the Center for Sustainable Building Research (CSBR) at the University of Minnesota.⁷ Additionally, a CSBR team, led by William Weber, quantified the energy and water savings for all eight of the demonstration projects.⁸ While the Minnesota Green Communities Initiative funding made up less than two percent of the average demonstration project budget, it was critical to achieving health, economic, and environmental benefits.

“Southwest Minnesota Housing Partnership started experimenting with green practices in 2000, but still, by 2004, it felt like we were alone in the forest with our understanding that there are fundamental issues where health and housing intersect. We wanted to show we could be part of the solution, in order to solve larger societal issues revolving around costs imposed by unhealthy housing on the healthcare and education systems. The leadership of the Minnesota Green Communities Initiative helped us formulate the framework to make true community-level impact possible.”

—Rick Goodemann, CEO, Southwest Minnesota Housing Partnership

Examples of Viking Terrace Outcomes

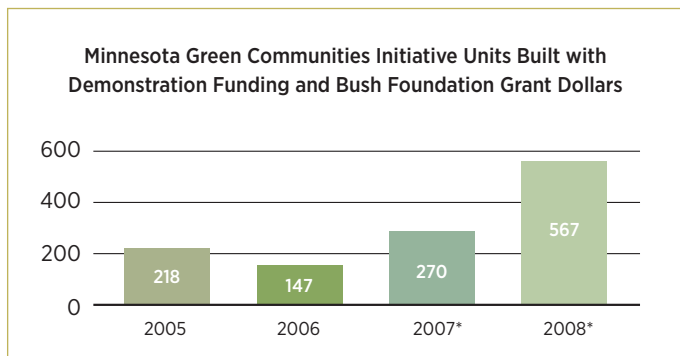


Viking Terrace, Worthington | Minnesota Green Communities Demonstration Project
Rehabilitation completed May 2007

⁷ See National Center for Healthy Housing's Green Housing Series: "The Advent of a Green Community" and University of Minnesota's "Building Outcome Evaluation and Environmental Monitoring—Viking Terrace: Worthington, Minnesota." Both available at <http://www.mnshi.umn.edu/projects/viking.html>.

⁸ Reports and analysis produced by CSBR are available at http://www.mnshi.umn.edu/kb/casestudies/casestudies_multi.html.

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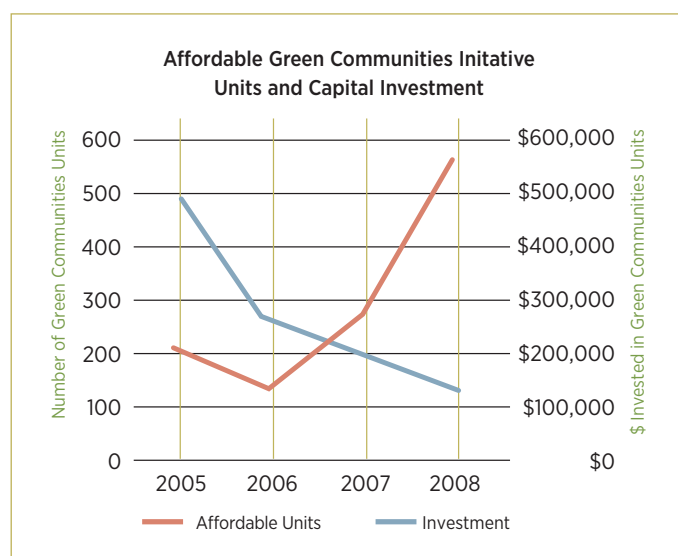
Capital Investment Continues with a New Partner

After two years of funding demonstration projects, the Housing Funds saw value in continuing to provide funding to developers whose projects voluntarily met the Green Communities Criteria, while the Initiative also pursued policy change (see *System-Wide Policy Change* section). Through a partnership with the Bush Foundation, the Minnesota Green Communities Initiative awarded an additional \$325,000 that built or rehabilitated 837 units to Green Communities standards.⁹ With the support of the Bush Foundation, the Initiative continued to contribute to the evidence that proved the Criteria were not cost prohibitive and that returns on investment were timely. The grants also continued to incentivize the adoption of the Green Communities standards by developers and the grantmaking helped maintain the momentum for the Initiative, while less-visible policy change was pursued.

Over the four years that the Minnesota Green Communities Initiative offered project-based funding, it became clear from the engagement of developers, funders, and the community that these stakeholders had bought in to the Green Communities Criteria as a best practice for affordable housing development. At the same time, developers, architects, and contractors were getting better at building green, sustainable homes; they were learning how to do it efficiently and specialty products and

materials were becoming more readily available. As more developers required certain conservation technologies and specific construction processes, the premium that had been associated with planning and implementing these projects began to decrease. The principles behind the Minnesota Green Communities Initiative were being brought to scale.

Over the course of four years, the incentive levels needed to encourage developers to commit to achieving the Green Communities Criteria decreased. From 2005 to 2006, the average Minnesota Green Communities Initiative grant was about \$2,000 per unit; by 2007 and 2008, the two-year average was just under \$500 per unit (see graph below). The decrease in the necessary size of the incentive to meet the Green Communities standards was one of the first indicators that green building was becoming part of the affordable housing development culture in Minnesota. Developers were pursuing the green building strategies outlined in the Green Communities Criteria without significant upfront incentive from the Initiative, and their green projects were being fully funded by other lenders and investors.



⁹In 2007 and 2008, new construction projects applying for funding through the Consolidated RFP were also required to meet the Green Communities Criteria (see *System-Wide Policy Change* section). The 837 units referenced in this section were funded through the Minnesota Green Communities Initiative and with a grant from the Bush Foundation, outside of the Consolidated RFP process.

Minnesota Green Communities Initiative

Building Technical Capacity

The capital investment strategy of the Minnesota Green Communities Initiative promoted learning through experience. The partners understood that this experience had to be simultaneously reinforced by additional learning opportunities in order to create an environment in which system-wide change could take place. Thus, building technical capacity was the second strategy employed by the Minnesota Green Communities Initiative. The first step to increasing technical capacity was to introduce and familiarize developers, architects, and contractors with the Green Communities Criteria. Flisrand offered technical assistance trainings on behalf of the Initiative when the RFP for Minnesota Green Communities Demonstration Projects first opened in 2005. As the Initiative has grown and the Green Communities Criteria have been updated, she has continued to offer technical assistance and refers developers, architects, and public officials to green experts, such as Weber at CSBR, for more advanced technical assistance as needed.

“We used to think we had an integrated process if you had your architect and contractor at the table. Now, we have much more robust teams that include different engineers and various consultants that typically work behind the scenes for the architect. The team is different, the analysis is different, and the math is different.”

—Gina Ciganik, Vice President of Housing Development, Aeon

Early on, the Minnesota Green Communities Initiative partners noted the power of the technical assistance sessions to spur conversation about the health, economic, and environmental benefits of green building. Inspired by the affordable housing



Ripley Gardens construction, Minneapolis

community’s engagement on the issue and recognizing a need for broad training and network building, the Family Housing Fund, GMHF, and Enterprise hosted the first annual *Green by Design* conference in April 2006, with the support of the Bush Foundation. The Twin Cities conference drew a crowd of 200 developers, architects, contractors, housing policy professionals, and interested community members, and events held in Mankato, Brainerd, and Grand Rapids attracted nearly 300 other attendees. Over the next three years, with the continued support of the Bush Foundation, annual *Green by Design* conferences drew large crowds and retained big names in the environmental movement as keynote speakers, such as Robert F. Kennedy Jr., Mark Fenton, Van Jones, Jerome Ringo, and Hunter Lovins. In 2010, the Minnesota Green Communities Initiative partnered with the U.S. Green Building Council’s Minnesota Chapter’s regional event, *Greening the Heartland*, for the Initiative’s final *Green by Design* conference. Cameron Sinclair was the keynote speaker at this event, which attracted more than 900 attendees from Minnesota and beyond.



Minnesota Green Communities Initiative training topics have included best practices for design and sealing of ductwork and the proper way to install insulation.

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Abang Ojulla and family, residents of Viking Terrace, Worthington
(photo courtesy of the Blue Cross and Blue Shield of Minnesota Foundation)

According to Shawna Nelsen, Development and Communications Director at the Family Housing Fund, “In addition to the high-quality technical training, network building, and sharing of lessons learned, one of the most important aspects of *Green by Design* was its ability to inspire people about why we are pursuing this Initiative—to connect green building to the broader issue of climate change and the desire to make our homes, communities, and planet a better place to live for generations to come.” By the 2010 Conference, the Minnesota Green Communities Initiative partners felt that the training needs had shifted from a general understanding of green practices and calls to action to more technical, targeted topics. The Minnesota Green Communities Initiative, therefore, transformed their capacity building approach to be responsive to specific requests for training and to offer scholarships to technical trainings hosted by other organizations. The combination of technical assistance sessions, conferences, and targeted trainings supplemented what the developers were learning by experience each year as they applied for funding and as they implemented projects that met Green Communities standards. This was part of the strong foundation that enabled the Minnesota Green Communities Initiative to pursue broader policy change.

System-Wide Policy Change

Minnesota Housing was the key partner in the Minnesota Green Communities Initiative’s efforts to advance state affordable housing policy to facilitate and promote green building because of their key role in convening the Consolidated

RFP funding process each year, their expertise in affordable housing, and their strong relationship with the Housing Funds and developers across the state. Minnesota Housing was represented on the Advisory Committee at the outset of the Initiative, and the partners quickly identified another opportunity: to incorporate the Green Communities Criteria into the requirements for funding through the Consolidated RFP. It did not take long for Minnesota Housing to embrace the leadership opportunity that the Minnesota Green Communities Initiative offered. The first step was the aforementioned alignment of the application for Minnesota Green Communities Initiative funding with the Consolidated RFP in 2006.

The conversation that followed this initial alignment of application processes focused on how to implement the Green Communities Criteria through the statewide Consolidated RFP without unduly increasing construction cost. As in 2005, the Housing Funds, Enterprise, and Minnesota Housing faced complex questions that needed to be answered before moving the Initiative forward: Could the Green Communities Criteria be incorporated with the requirements for the Consolidated RFP and used to evaluate applications? Would incorporating the Green Communities Criteria into the Consolidated RFP requirements change demands placed on staff? If so, how? What additional training on green building and technology would be required? What support (financial and technical) would be available? How would Minnesota Housing get all of their staff and stakeholders on board with the Initiative?



New San Marco, Duluth | Minnesota Green Communities Demonstration Project
Opened May 2007

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Minnesota Housing worked through these questions and reflected on their own developing Sustainability Policy before deciding to partner with the Minnesota Green Communities Initiative. Minnesota Housing and the Minnesota Green Communities Initiative partners developed a plan to create a Minnesota-specific Overlay to the Green Communities Criteria, and then phase-in the Criteria and Overlay to the Consolidated RFP process. In 2007, multifamily new construction projects were required to meet the standards, growing to include single-family new construction projects in 2008, and finally including multi- and single-family rehabilitation projects in 2009. The phase-in process began with multifamily new construction projects in part because Minnesota Housing architects were already involved in in-depth reviews of these projects that were subject to high design standards, and because it would produce the most green units.

“By working together, Greater Minnesota Housing Fund and the Family Housing Fund were able to make the case to state government that building green and healthy housing was the right thing at the right time. The State of Minnesota responded with great leadership, and together we designed and implemented a state-wide strategy and policy to make all affordable housing green [by 2010].”

—Warren Hanson, President and CEO, Greater Minnesota Housing Fund

The step-by-step process allowed the Minnesota Green Communities Initiative partners and Minnesota Housing to reflect on progress each year and solicit feedback for improvement. The successful implementation of this plan meant that all affordable housing new construction and rehabilitation projects funded through the Consolidated RFP captured health, economic, and environmental benefits of green building practices.

Minnesota Overlay to the Green Communities Criteria

To say that the Initiative was successful understates the huge commitment of the Housing Funds, Enterprise, and Minnesota Housing, and oversimplifies the work of these partners to

contextualize the Green Communities Criteria within Minnesota. The partners created the first Minnesota Overlay to the Green Communities Criteria in 2007, for the first year that meeting the Green Communities Criteria was mandatory for multifamily new construction projects applying to the Consolidated RFP. A large group of representatives from the four partners went through the national Green Communities Criteria item by item to highlight criterion where stakeholders felt clarifications or alignment with Minnesota Housing’s design standards were needed. Each person involved in the Overlay creation process brought their own expertise to the discussion. Over time, a broader set of stakeholders participated in developing updates to the Minnesota Overlay, including architects, engineers, and building performance professionals. Careful consideration was given to how Enterprise Green Communities Criteria and policy recommendations would work on the ground in Minnesota as the Housing Funds, Enterprise, and Minnesota Housing worked to advance policy in support of green, healthy, and sustainable homes.

“The value of the program is that ‘green’ is not an add-on. It’s integrated into every aspect of design, construction, and ongoing management.”

—Janne Flisrand, Program Coordinator,
Minnesota Green Communities Initiative

Minnesota Overlay Feedback

Enterprise updates the national Green Communities Criteria approximately every three years in response to research, changing technology and costs, and feedback from partners. Because of the thoughtful consideration the Minnesota Green Communities Initiative partners gave each criterion and because the Criteria had been required statewide for the Consolidated RFP, feedback from Minnesota was an important contribution to these updates. Flisrand represented the Minnesota Green Communities Initiative on the national committee to update the Green Communities Criteria in 2011. Here, she shared that the Criteria were skewed in favor of urban developments, which lead to challenges qualifying rural and suburban projects

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Sharra Frank | **Untitled (detail)** | 2009
Minnesota Green Communities Initiative—2009 Upstream Health Leadership Award
from the Blue Cross and Blue Shield of Minnesota Foundation

for funding. As a result of this feedback, three land use categories were created within the Criteria to respond to the differences among developments in Urban/Small Cities, Suburban/Mid-Sized Towns, and Rural/Tribal Areas/Small Towns. Additionally, several of the 2011 national Criteria incorporated language and clarifications directly from the Minnesota Overlay. The Minnesota Overlay set an example nationally that it was possible to build upon the full Green Communities Criteria as local context demanded. The feedback mechanisms that were built into Green Communities, from the phase-in process used in Minnesota to updating the national Criteria, were critical to the success of the Initiative. It allowed partners to evaluate what was working and what was not.

Each update of the national Green Communities Criteria prompted discussion about whether Minnesota's Overlay was still necessary; and if it was, how it would change. The Minnesota partners have continued to agree that an Overlay is important. Notably, however, the Overlay has gotten shorter. According to Jeanette Blankenship, then Housing Policy Specialist at Minnesota Housing, the updated overlay, published in April 2012, "felt like it was eliminating bureaucracy, without compromising the standards of Green Communities," a sentiment funding partners and developers alike could appreciate.

Minnesota Green Communities Initiative Outcomes

The efforts of the Minnesota Green Communities Initiative have not gone unnoticed. The Blue Cross and Blue Shield of Minnesota Foundation honored the Initiative in 2009 for the way it has built bridges connecting the housing and health fields. The Minnesota Green Communities Initiative was awarded the prestigious "2009 Upstream Health Leadership Award." The award came with a beautiful commemorative art piece (to left) and a \$15,000 grant to continue the work. The Initiative has continued to partner with Blue Cross and Blue Shield through the Alliance for Healthy Homes and Communities—launched with planning and implementation grants from the Foundation. Today, the Alliance has grown to involve more than 100 members and hosted a series of regional gatherings and two statewide convenings to support the development of healthy homes and communities in Minnesota—featuring keynotes by Dr. Anthony Iton in 2012 and Majora Carter in 2013.

From the Initiative's beginning in 2005 through 2012, public and philanthropic funds have been committed to building or rehabilitating approximately 14,500 units of housing to Green Communities standards, including both single family homes and multifamily buildings. While much of the funding invested in these units would have been committed to affordable housing through the Consolidated RFP process without the Minnesota Green Communities Initiative, the Initiative promoted better stewardship of those resources. Through the Minnesota Green Communities Initiative, the Family Housing Fund, GMHF, Enterprise, and Minnesota Housing have helped the affordable housing finance system realize the numerous health, economic, and environmental benefits of green building.



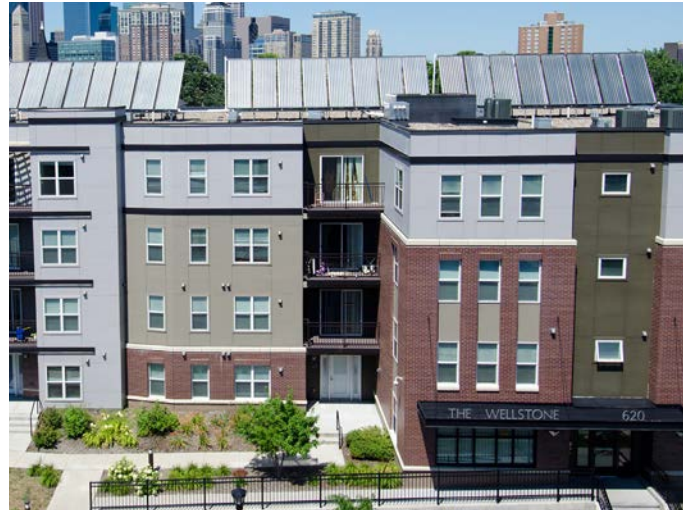
Minnesota Green Communities Initiative

Next Steps for the Minnesota Green Communities Initiative

Despite the investment, policy, and capacity building successes, Minnesota Housing, the Family Housing Fund, and GMHF continue to face unique challenges balancing the Green Communities standards and their mission to preserve and improve the overall affordable housing stock. One challenge is how to provide clear direction to moderate rehabilitation projects that are using the Green Communities Criteria, which are designed for more comprehensive rehabilitations. In the summer of 2013, Minnesota Green Communities Initiative partners, developers, and experts began a stakeholder process to recommend updates to the Overlay that will clarify cost-effective energy approaches for moderate rehabilitation projects to apply for funding through the Consolidated RFP. For Enterprise and Minnesota Green Communities Initiative partners, success does not mean the end; the partners continue to look for ways in which the Initiative can promote strong stewardship of the resources available.

The Minnesota Green Communities Initiative partners also see room for improvement in energy and water efficiency within existing affordable housing. On behalf of the Minnesota Green Communities Initiative, Flisrand participated in the Minnesota Community Action Partnership's 2010 Rental Housing Energy Efficiency Working Group that met to identify and discuss the barriers multifamily rental property owners and residents face accessing programs intended to reduce energy use and spending, like the Conservation Improvement Program (CIP) and Weatherization Assistance Program (WAP). Prompted by these discussions, the Division of Energy Resources at the Minnesota Department of Commerce issued guidance clarifying the low-income eligibility requirements for CIP, reducing redundant income verification processes and increasing access to the program.

Another obstacle identified by the Working Group was the lack of understanding of how multifamily properties in



The Wellstone, Minneapolis | Minnesota Green Communities Demonstration Project
Opened May 2009 (photo courtesy of Hope Community)

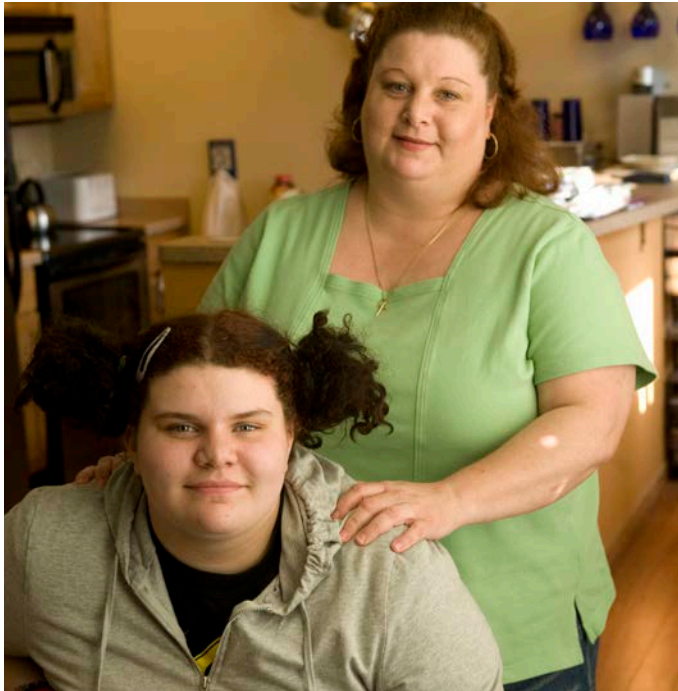


Children on the playground at Viking Terrace, Worthington
(photo courtesy of Southwest Minnesota Housing Partnership)

Minnesota currently use energy and water. To address this gap in knowledge, the Working Group issued a recommendation to benchmark consumption within rental housing in Minnesota. The groundwork from the Working Group introduced partners who secured funding from the Minnesota Department of Commerce and Xcel Energy to launch the EnergyScoreCards Minnesota¹⁰ project. The project has gathered baseline information on the utility consumption of nearly 600 multifamily buildings in several communities in the Twin Cities and Greater Minnesota. EnergyScoreCards Minnesota is also giving building owners and managers a way to make informed decisions about, and set priorities for, maintenance and improvements within their housing portfolio.

¹⁰ EnergyScoreCards Minnesota is a collaborative project of EnergyScoreCards, the Minnesota Green Communities Initiative, the Center for Sustainable Building Research at the University of Minnesota, Minnesota Housing Finance Agency, and the Center for Energy and Environment.

Minnesota Green Communities Initiative



Tonya and Mary Kate at their home in Ripley Gardens, Minneapolis
(photo courtesy of Aeon)

An ongoing challenge to implementing energy efficiency improvements is the lack of owner access to data about tenant-paid utilities, which is necessary to make informed investments. Owners are also unable to capture any of the savings associated with in-unit improvements at properties where tenants pay for utilities. Improved data access is critical to addressing both of these challenges. The Minnesota Public Utilities Commission’s ongoing Customer Energy Usage Data Workgroup is exploring how to balance data privacy and data access. During this process, the Minnesota Green Communities Initiative is working with a diverse group of stakeholders seeking improved data access; the Initiative’s focus is to ensure multifamily property owners’ and funders’ interests are represented, and tenants’ privacy is protected.

Lessons Learned

It is possible to create statewide policy change within just a few years. The Minnesota Green Communities Initiative proves it. The committed partners worked towards specific and well-defined goals, and the Initiative reached these

goals because the Housing Funds had the flexible funding to commit to demonstration projects in the beginning. These projects proved that connecting green building and affordable housing produced health, economic, and environmental benefits for the community. Additionally, the partners had the organizational capacity and the resources to continue to support the Initiative as it successfully met goals and grew.

“Flexible funding awards from The McKnight Foundation and Blandin Foundation to the Housing Funds makes it possible for me, as coordinator, to spend time networking with the local partners and understanding the context of our work. It also allows me to connect with national leaders to see what’s coming next. Based on what I learn from those conversations, we are well-positioned to take advantage of opportunities as they arise. This flexibility is critical to the Minnesota Green Communities Initiative’s ongoing success.”

—Janne Flisrand, Program Coordinator,
Minnesota Green Communities Initiative

The Minnesota Green Communities Initiative was launched within a matter of months, and this set the fast pace for the capital investment, technical assistance and capacity building, and policy advancement strategies that were to come. However, the Initiative partners never rushed; at each step in the process tough questions were raised and answered before moving on. The thoughtful, collaborative process that was facilitated by an independent coordinator led to the extraordinary conclusion that affordable housing throughout Minnesota will provide the maximum benefit to residents and communities by being built in a green, sustainable, and healthy way.

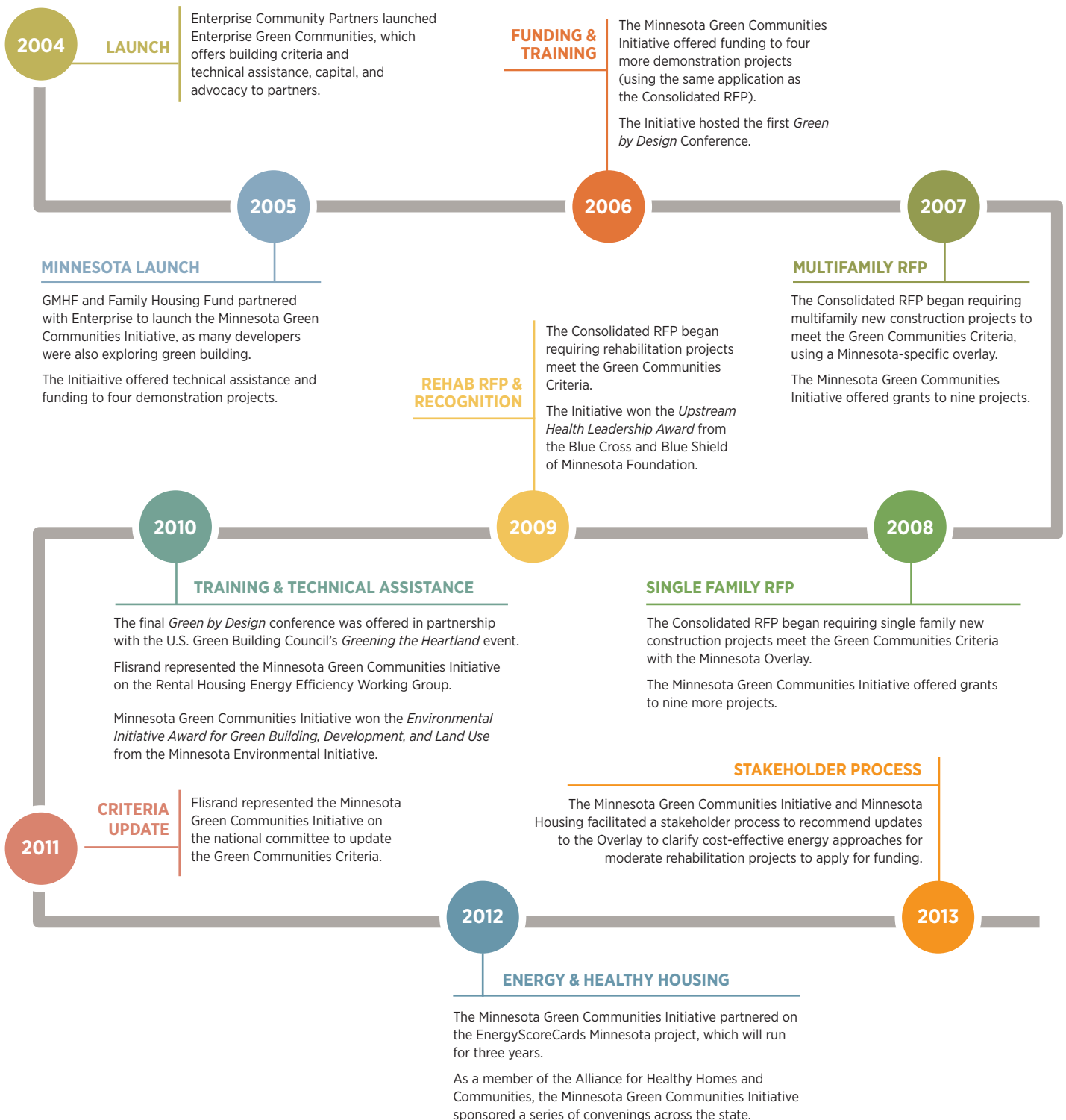
“[The Minnesota Green Communities Initiative] is an example of a time when the two Housing Funds were able to get out in front and push for a new way of doing business. It may have happened eventually, but this was much faster and much more coordinated—resulting in thousands of new and rehabilitated healthy, sustainable homes for low- and moderate-income families throughout Minnesota.”

—Angie Skildum, Multifamily Policy and Portfolio Director,
Family Housing Fund

Minnesota Green Communities Initiative

Key Events from the Minnesota Green Communities Initiative

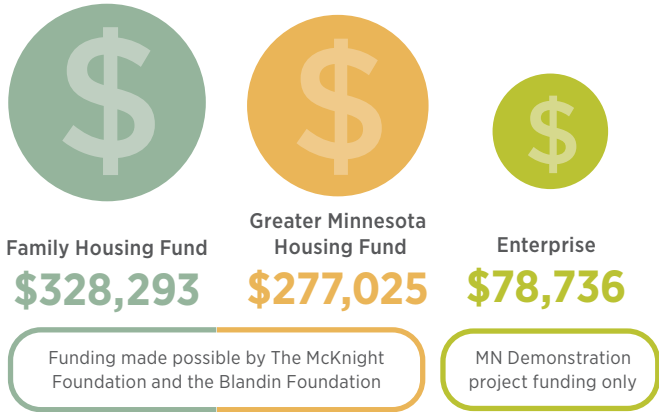
Abbreviated Timeline 2004-2013



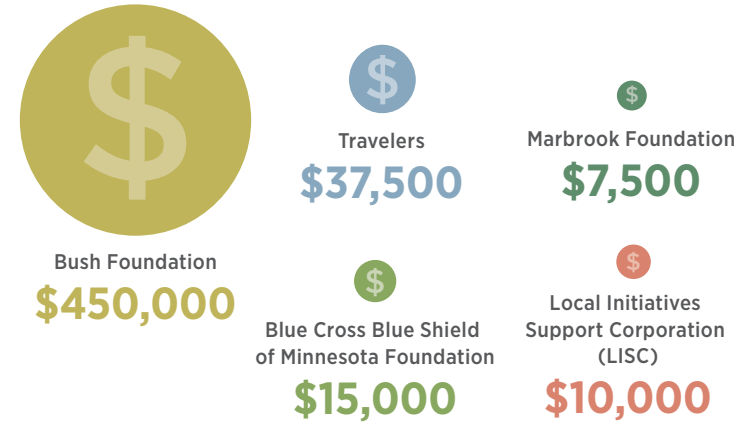
Minnesota Green Communities Initiative at a Glance

Financial Support 2005–2012

Initiative Partners



Philanthropic Support



Three-Pronged Strategy

Policy Advancement

Since 2009, all projects funded through the Consolidated RFP must meet Green Communities Criteria.

Conservation Improvement Program (CIP) low-income requirement clarified, reducing redundant verification and improving access.

Participated in national Green Communities Criteria update, making standards more applicable to local and national entities.

Technical Assistance

5 Major *Green by Design* Conferences

30+ Trainings/technical sessions

250+ One-On-One Technical Assistance Sessions

4,000+ Attendees to Minnesota Green Communities Conferences and Training Sessions

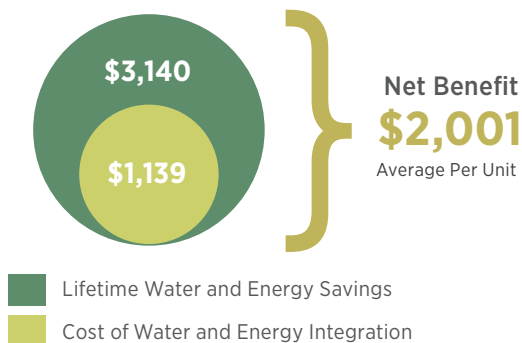
Capital Investment

1,202 green units received \$1.07 M from the Minnesota Green Communities Initiative.

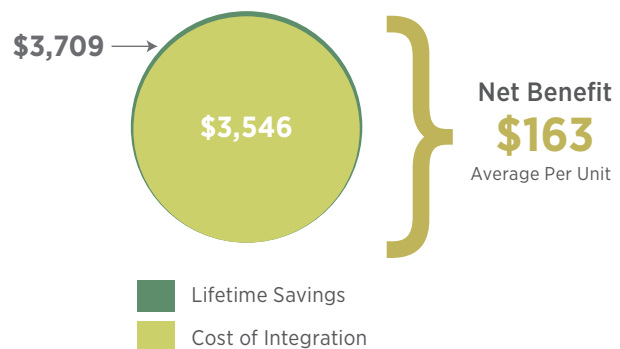
13,167 additional green units across Minnesota have been funded through 2012 as part of the Consolidated RFP.

Net Benefits of Green Communities Development*

Water & Energy Integration Only



Full Criteria Compliance



*Enterprise Community Partners, *Enterprise Green Communities Criteria: Incremental Loss, Measurable Savings Update*, 2012

The Affordable Housing Collaboration in Minnesota Series provides in-depth, comprehensive stories about successful partnerships throughout the state, with an emphasis on outcomes and lessons learned. The project is sponsored jointly by the Family Housing Fund and the Greater Minnesota Housing Fund.

JANUARY 2014

AFFORDABLE HOUSING
COLLABORATION

