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Energy Savings to Fund Improvements at Lowell Housing Authority

\$9 Million HUD-Approved Contract With Framingham Energy Services Company Ameresco Announced

LOWELL, Mass.--(BUSINESS WIRE)--

The Lowell Housing Authority (LHA) will cut the demand for energy by more than half in several of its older complexes by replacing aging boiler and domestic hot water systems, and adding insulation and other improvements to its 1,600-unit portfolio as part of a sweeping \$9 million energy efficiency project.

The future savings from those improvements will be used to pay for the construction costs over a 12-year period. That means the project will be built without added taxpayer dollars and with no relevant effect on the Authority's budget.

The upgrades - which also include water conservation improvements expected to cut water use by one-third, high-efficiency lighting, controls and a half-dozen other conservation measures - collectively represent one of the most ambitious public housing energy saving efforts ever undertaken in New England. To finance the project, LHA will tap a U.S. Department of Housing (HUD) program that allows housing authorities to make energy and water efficiency improvements without having to make an up-front capital investment.

"While we've seen energy costs consuming a larger and larger portion of our budget, year after year, it's been difficult to imagine pulling off a project of this size and scope without wiping out our capital budget," said Gary Wallace, Lowell Housing Authority Executive Director. "This HUD program will allow us to better control our utility costs, and it will free up \$9 million in our capital fund to make other infrastructure improvements."

Wallace credited Congressman Martin Meehan (D-MA) for his assistance with HUD and the LHA board of commissioners for having the vision to incorporate this new type of financing into the Authority's planning.

Under its regulations, HUD provides incentives for housing authorities to conserve utilities. The HUD program supporting this project allows the Lowell HA to reallocate a portion of what it would have paid to utility companies and, instead, use those funds to pay off a loan to make the improvements.

"Lowell Housing Authority has hit a grand slam today for its tenants by conserving energy and using those savings to improve public housing," said HUD New England Regional Director Taylor Caswell. "Energy efficiency in publicly subsidized housing is a major priority for HUD in New England, and what Lowell Housing Authority has done here is something we hope to see emulated throughout the region."

To handle the conversions, LHA has contracted Ameresco, a Framingham-based energy services company. Ameresco was selected from among a handful of other companies that specialize in performance contracting. Wallace cited the company's deep experience working with housing authorities. A national company specializing in efficiency projects in existing facilities, such as this one, Ameresco has completed several successful "energy performance contracts" for housing authorities in Massachusetts, the New England region, and elsewhere across North America.

"Only through the HUD performance contract program, a large scale heating project like this one, can a housing authority achieve the kind of substantial guaranteed savings we have calculated.", said Ameresco Executive Vice President David Anderson. "It's a program more housing authorities should look at."

As with all its public housing performance contracts, Ameresco helped arrange third party, tax-exempt financing for the LHA energy improvements, Anderson said. Work is expected to commence in June and take two years to complete.

The project will focus on the North Common Village, a 36 building mixed family community consisting of 524 units and a sizable elderly/disabled population. Built in 1937, this public housing was one of the first federally funded urban renewal projects in the United States. Wallace says that the changes will be very concentrated and will have a profound affect on residents due to the high ratio between dollars invested, \$9 million, and units affected, 1,600. Some less intensive housing projects have spent similar sums but spread the funds over 3,600 residents.

The boiler system that generates heat for the buildings is the primary target of the project. Like many older apartment-like structures it's not uncommon for some residents at North Common Village to keep windows open during the winter months due to excessive and uncontrolled heat flowing into one end of the service line while occupants in buildings a few blocks away get less heat output and are uncomfortably cool at times.

Wallace says there will be a significant educational component to the project that will instruct residents on how conserve energy to help relieve the utility burden even more.

About Ameresco

Ameresco, Inc. is North America's largest independent energy services company. With headquarters in Framingham, Massachusetts, the company is a single-source provider of comprehensive energy solutions. For more information, click on www.ameresco.com.

Source: Ameresco, Inc.