Comments on FY21 County Loan Fund NOFA Updates

- **Digital Equity:** APAH recognizes the importance of bridging the county's digital divide, and we praise the inclusion of these requirements. High-speed internet access should be a basic amenity to which every Arlington resident has access; the growing COVID-19 health crisis has underscored more than ever the disparities caused by lack of reliable Internet access.

  Despite this, we have some concerns with the new criteria as currently written. First, VHDA's standards for in-unit wi-fi are a 10 megabytes per second (Mbps) download speed and a 3 Mbps upload speed, much lower than the newly proposed speed for Arlington County of 30 Mbps. Therefore, Arlington projects that seek both county and VHDA funds would need to meet a higher standard of internet service than other projects across the state. This makes Arlington projects more costly, and ultimately puts them at a competitive disadvantage statewide. <u>Therefore, we request that Arlington County attempt to standardize their internet speed requirements with those of VHDA, either by working with VHDA to bring their requirements up to Arlington County's, or reducing Arlington's minimum requirement to match VHDA's.</u>

  <u>Furthermore, APAH requests more clarity regarding the new criteria for in-unit internet speeds.</u> For example, is 30 Mbps the required upload speed or download speed? Is this the required average speed that residents should experience if 50% of them are accessing the network at the same time? Or is this the required speed if 100% of residents are accessing the network at the same time? We have had difficulty providing 30 Mpbs download speeds with a 100% usage rate at our buildings, more often reaching speeds between 15-20 Mbps.

  The specific requirements could have substantial cost implications for operations. Based on quotes from service providers, we estimate annual operating costs between $40,000-$50,000 for a 150-unit building at 30 Mbps download speeds. Depending on the specific requirements, this cost could fluctuate by tens of thousands of dollars annually.

- **Renewable Energy Baseline Requirement:** APAH praises the county's efforts to reduce Greenhouse Gas (GHG) emissions through its Community Energy Plan. The new baseline renewable energy requirements in the FY 2021 NOFA are an ambitious target for new buildings. However, solar panels and vegetated roofs add to the costs of Arlington projects that are already among the most expensive in the state. VHDA has aggressive cost limits that hinder the amount of investments that Arlington developers can make in their projects beyond the minimum VHDA requirements. To exceed these cost limits would prevent developers from applying for tax credits.

The 2020 VHDA cost cap for Northern VA projects was $325 per square foot in total project costs. Many of APAH's recent projects have come extremely close to this limit or in some cases exceeded the limit and had to rely on the VHDA transition rules as they moved from per unit to per SF limits. For example, APAH's Post East Four project, which will meet Earthcraft Gold certification for energy efficiency, has an estimated cost of $384 per square foot and was only able to apply under the grandfathered per-unit limits. It would not be eligible for tax credits under the current limits, and so could not include additional energy investments, such as solar panels or green roofs, without clearance from VHDA.

<u>Therefore, we request that the county work with VHDA to either increase their cost limits or exempt the cost of green investments from the VHDA limits. Alternatively, the county could make an exemption to this requirement for projects that would exceed VHDA's cost cap with additional renewable energy investments.</u>

This flexibility is important given the prevalence of mid-to-high-rise urban infill projects in Arlington. Such projects typically have a small total roof area compared to the total number of units, which makes solar investments less financially feasible than in low-rise developments. For example, APAH commissioned a third-party study from GRID Alternatives of solar feasibility at our Queens Court project in Rosslyn. Queens Court is a high-rise project with about 10 times more heated square footage than usable roof space for solar panels. Because of this, the study found the financial benefits to be slim relative to the upfront cost of installation. Specifically, the study found an upfront investment of $92,714 with only $98,143 in electric bill savings over 20 years, resulting in a 0.35% internal rate of return. After incorporating the additional cost of building consultants related to the installation, this return would likely be negative.

Despite this, high-rise projects have substantial environmental benefits due to their close access to multimodal transportation. As a result, it is possible that a high-rise, transit-oriented development without solar could have an equal or larger impact on reduced GHG emissions than a low-rise, auto-oriented development with solar. As of 2016, 36% of Arlington County GHG Emissions were attributable to transportation, and more transit-oriented development could help reduce this total.[1] We recognize that a substantial portion of Arlington's Community Energy Plan is not just reducing energy consumption from buildings, but also continued reduction of transportation emissions through smart growth.

Thank you for your hard work and consideration.

Sincerely,
APAH Team

[1] Community Energy Plan (2019), Pg. 14.