

Sustainability

A MARKET SYSTEM APPROACH

By integrating the purchase of energy efficient and non-toxic products and services at scale to deliver reduced pricing, HPN Select creates a market approach that can improve health outcomes for residents and the environment.

SOLVING FOR ENVIRONMENTAL IMPACT AND HEALTH HAZARDS

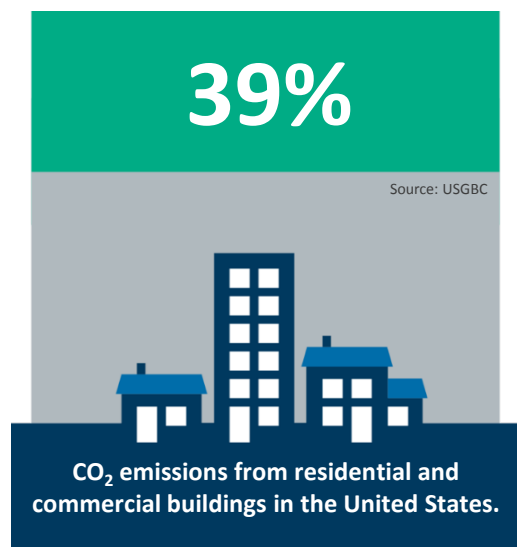
Materials used in new construction and retrofits and the resulting performance of building facilities have profound effects on our environment and our health. According to the USGBC, residential and commercial buildings account for 39% of CO₂ emissions in the United States. At the same time, the EPA estimates that the average person spends 90% of their time indoors. Exposure to toxic materials used in building products not only affect air quality, but can also have a detrimental impact on residents' health.

ENVISIONING A SCALED MARKET SYSTEM FOR THE AFFORDABLE HOUSING SECTOR

While the benefits of sustainable building materials and building management are clear, a scaled market for these products and services has not emerged in the affordable housing sector. Establishing such a market through education on performance benefits, increased availability and cost competitiveness of materials recognized as healthy and energy efficient could have a significant impact on the lives of low- to moderate- income Americans. This requires a reengineering of the supply chain for products and the adoption of new procurement methods and systems by owners and operators of these properties for effective implementation.

CREATING A MARKET OPPORTUNITY

85% of the HPN multifamily operator organizations surveyed last year reported they were involved in sustainability initiatives and have in-house resources dedicated to environmental practices. When HPN asked them to identify their largest pain points, they cited insufficient product expertise in a rapidly changing marketplace, cost effectiveness, obtaining financing, navigating regulatory requirements, and incentivizing line staff and managers to change their behavior. These pain points mirror academic analysis of why a robust market has not emerged.



Our Solution

HPN Select, an HPN member owned centralized purchasing social enterprise, improves health and climate outcomes by reducing chemical hazard exposures for residents and CO2 emissions through access to healthy and energy efficient materials. These products lower operating and development costs; this positive impact is critical with public subsidies declining and demand for affordable housing rising.

A PURCHASING PLATFORM TO MAKE HEALTHY, GREEN BUILDING AFFORDABLE AND SIMPLE

By purchasing through Select contracts, organizations can save 5%-30%, thereby significantly impacting the efficiency of their operations. Select provides practical and innovative solutions to its customers through product R&D and standardization, a group bidding process, centralized billing and spend analysis, vendor collaboration on logistical solutions, and peer exchange among customers to improve execution and replicate best practices.

Select's business platform provides ongoing product education, research and innovation, availability and competitive pricing for materials, and ease of access and implementation. Rather than trying to fashion one-off solutions or developing siloed capabilities, our members and partners have chosen instead to work together to build a powerful procurement platform that is more cost effective, scalable and has greater impact.

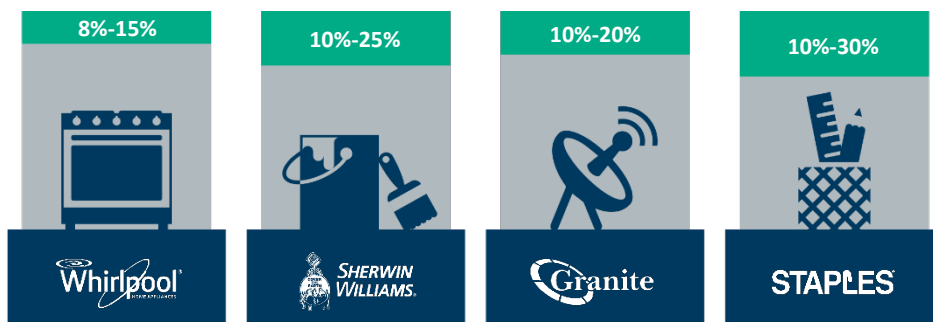
NETWORKED FOR SUSTAINABILITY AND DEEP, BROAD IMPACT

HPN Select was launched in December 2015 with \$4.5 million in seed capital from HPN and 19 member organizations, who co-own and govern the enterprise. It serves a customer base beyond the 19 owners, including HPN and NeighborWorks members that own approximately 200,000 affordable apartments; mission aligned for-profit owners and management companies that manage an additional 200,000 apartments are also part of our platform outreach.

In order to ensure Select achieves deep, broad impact in the affordable housing industry, it employs HPN's partnership and social enterprise model as its framework, honed by more than 20 years of business collaboration with members and key sector organizations. Not only is this partnership approach part of HPN's DNA, it is best practice for building markets by getting diverse actors and stakeholders to move in concert towards a common goal.

2

COST SAVINGS ACHIEVED FOR SELECT CUSTOMERS



Priorities

DEVELOP AN R&D LAB FOR SUSTAINABLE PRODUCTS

Select will play the role of a sophisticated intermediary between the supply and demand sides of this nascent market. Select will work closely with partners across the sector—tapping existing healthy and energy efficiency materials data platforms—to identify the most cost effective and sustainable products.

SUPPLY CHAIN MANAGEMENT AND VENDOR NEGOTIATION

One of Select’s competitive advantages is its ability to leverage the procurement expertise and systems of its exclusive operating vendor, Inprova USA. We will train or hire specialized staff on the procurement team to interface with both manufacturers and suppliers for healthy and sustainable products.

PRACTITIONER-DRIVEN SPECIFICATIONS, EDUCATION AND OUTREACH

The key to scaled utilization is for the members to help set the product standards and specifications in collaboration with Select staff and industry experts. Through our collaborative model, members will work together to problem solve on implementation challenges and devise the most effective strategies to roll out the new suite of healthy and energy efficient products. We will build out our existing deployment channels among HPN and NeighborWorks members and also expand the customer base among our partner networks at SAHF and Enterprise.

PLATFORM TECHNOLOGY DEVELOPMENT

A simple, client friendly ordering platform is a key technology needed to increase product sales, control member spending and selection, and lower Select’s operating costs. Education on green and healthy products through this technology is also our goal.



One-Stop-Shop
Supporting
Maintenance,
Repairs,
Operations,
and Materials



Maximizing
Purchasing
Power of HPN
Membership
>200,000 Units



Savings,
Standards,
Additional
Resources and
Customer Driven
Products



Customer
Relationship
Management



Dedicated
Procurement
Team

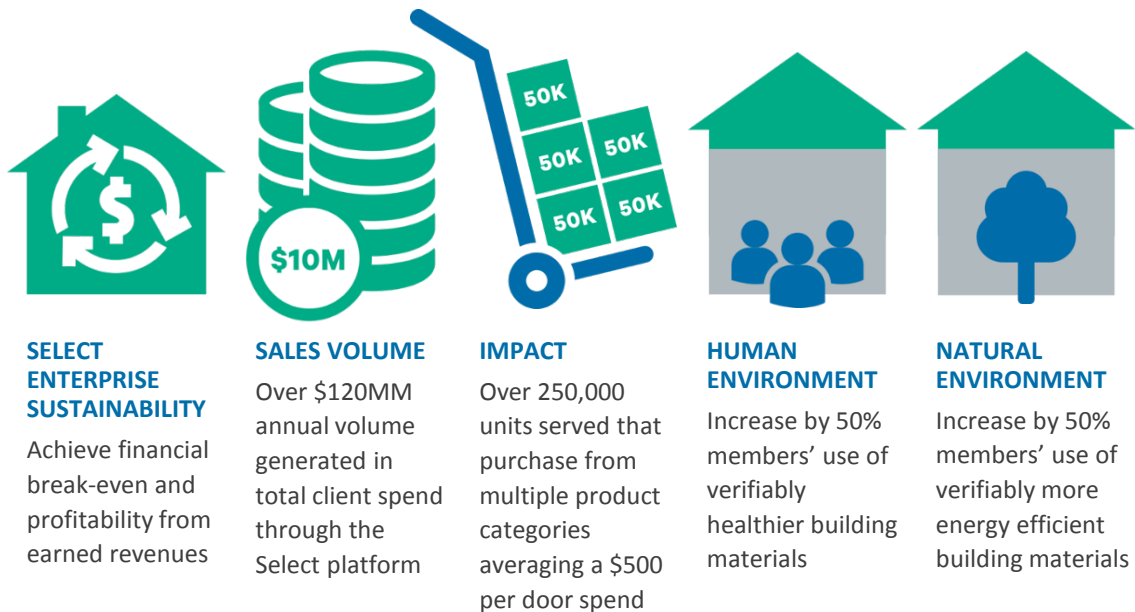


Evaluating Impact

INITIATIVE OUTCOMES AND MEASUREMENT

Our 2020 performance measurement and evaluation will focus on the business metrics of the Select platform and the uptake of healthy and high-performance materials across the sector. Financial sustainability will be achieved through increased purchasing volume by Select clients, which will be the outcome of successful education, pricing and adoption of health and energy efficient products.

2020 GOALS



4

SELECT MEMBER-OWNERS

