

AFFORDABLE MULTIFAMILY HOUSING EFFICIENCY PROJECT

EXPANDING EFFICIENCY IN AFFORDABLE MULTIFAMILY HOUSING—OPPORTUNITY AND CHALLENGES

Making affordable rental housing more energy efficient is a cost-effective way to reduce energy consumption, maintain housing affordability, create healthier and more comfortable living environments for moderate- and low-income families, and reduce pollution. Consider these opportunities in the multifamily sector:

- **Extensive Energy Savings potential:** Multifamily rental buildings, classified as containing 5 or more apartments, are on average older and less energy efficient, and house 15 million American households.¹
- **Financial benefits to low-income Tenants:** Half of the nation's 15 million very low-income renters reside in multifamily housing.² Low-income families can spend up to 20 percent of their income on energy, compared with only 4 percent for the average household.³ Cost-effective energy retrofits have been found to reduce heating fuel and electricity usage by as much as 30 percent, helping renting families afford energy and other basic needs.⁴
- **Improved Health:** Investments in efficiency can create a healthier living environment, lowering incidences of illnesses like asthma, and reduce pollution caused by energy production.⁵
- **Preservation of Housing Affordability:** Owners of affordable multifamily rental properties face high operating and maintenance costs, reducing their ability to invest in their properties. Energy retrofitting multifamily housing preserves affordable homes and frees up capital for maintenance, repairs, and other improvements.⁶ Meeting achievable energy potential by 2020 can create \$9 billion in annual energy savings for tenants and landlords.⁷

Despite these opportunities, efficiency measures are far less likely to be found in multifamily rentals than in any other type of housing.⁸ Why is that the case?

- Owners of affordable housing lack the capital to make efficiency improvements.
- Utilities do not have efficiency programs for multifamily rental housing, and others have not evolved to incorporate new program design breakthroughs. Generally, utility programs are underfunded and fall short of the need.
- Regulations in many states exacerbate barriers to energy efficiency.

Only by coordinating the efficiency and housing sectors can we effectively reduce the energy burden on low-income renters.



Our vision: Electric and gas utilities will deliver programs designed to capture all cost-effective energy efficiency within the affordable housing sector, which will strongly benefit low-income families and building owners as well as utilities



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PARTNERING TO LEVERAGE A NEW OPPORTUNITY

The National Housing Trust (NHT), Natural Resources Defense Council (NRDC), Energy Foundation, Elevate Energy, and New Ecology are working to ramp up energy efficiency investment in affordable multifamily homes. We will be engaging in a dozen states over the next two years, collaborating with local energy and affordable housing partners to ensure that affordable multifamily rental housing receives a fair share of utility funding and that tailored, cost-effective energy efficiency programs are available to all building owners and tenants who want to take part. Our goal is to ensure that electric and gas utilities deliver programs designed to capture all cost-effective energy efficiency within the affordable housing sector, which would benefit low-income families as well as building owners and utilities. Ultimately, we seek to demonstrate that older affordable housing presents excellent opportunities for retrofits that will reliably deliver projected energy savings.

We are selecting states where we can be effective in the short term while building on-the-ground capacity for the long-term efforts. In total, based on an increase in efficiency goals and the need to address the underserved multifamily market, we see a window of opportunity to reach more than 4 million affordable apartments in these states.⁹

So far, they include:

California	Michigan	New York
Illinois	Minnesota	Pennsylvania
Maryland	Missouri	Rhode Island

We are optimistic about the potential to increase utility investment in energy efficiency programs for affordable housing. A growing number of states are mandating aggressive efficiency targets for utilities, and the underserved multifamily market presents a natural opportunity for utilities to meet these goals.

ADDING VALUE TO LOCAL LEADERSHIP

The partnership of our organizations brings together a unique team of specialists with wide-ranging expertise and experience in affordable housing, energy efficiency, collaborative processes, and state agency and utility commission engagement. Our aim is to support the work

of local stakeholders who are already engaged in this effort. Based on the state's needs and opportunities presented to us, we will:

- provide technical capacity on utility program design and implementation, financing, marketing, energy efficiency policy, and advocacy campaigns;
- increase engagement of the affordable housing community with utilities and in regulatory proceedings and other state venues;
- connect utilities, housing finance agencies, economic development agencies, affordable housing groups, banks, and other stakeholders;
- coordinate utility programs' resources with complementary housing programs and resources;
- engage and educate building owners and operators of affordable multifamily buildings; and
- disseminate lessons and best practices from other states.

STRENGTHENING A NATIONAL NETWORK

Finally, we will connect our on-the-ground work in specific states to a national network of diverse and engaged stakeholders. The network will train affordable housing and energy efficiency leaders while facilitating coordination among coalitions and existing networks. This will ensure that best practices, advocacy tools, and other resources are available to the leaders in this space and will secure an ongoing relationship between housing and efficiency advocates—a critical partnership for success.

SECURING WIN-WIN OUTCOMES

We face an important opportunity to achieve significant energy savings and help sustain much-needed affordable housing for our nation's low-income families. Utility spending on energy efficiency programs is expected to increase substantially over the next decade. By effectively targeting these resources to multifamily affordable rental housing, we will help utilities and state governments achieve their energy savings goals, increase housing affordability for low-income households, spur economic growth, and create healthier living environments.

1 http://www.nhc.org/media/files/Recap_NHC_GSE_Core_Functions.pdf.

2 https://www.fanniema.com/content/fact_sheet/energy-efficiency-rental-housing.pdf.

3 http://www.benningfieldgroup.com/docs/Final_MF_EE_Potential_Report_Oct_2009_v2.pdf.

4 <http://www.huduser.org/portal/periodicals/em/summer11/highlight1.html>.

5 Rebecca Cohen, *The Impacts of Affordable Housing on Health: A Research Summary* (Washington, D.C.: Center for housing Policy, 2011).

6 www.db.com/usa/docs/DbLC_Recognizing_the_benefits_of_efficiency_Part_b_1.10.pdf.

7 http://www.benningfieldgroup.com/docs/Final_MF_EE_Potential_Report_Oct_2009_v2.pdf.

8 www.huduser.org/portal/periodicals/em/summer11/highlight1.html; www.nhtinc.org/downloads/partnering-for-success-action-guide.pdf.

9 Census American Consumer Survey, internal calculations.