

FOUR KEY RECOMMENDATIONS FOR MULTIFAMILY HOUSING

In accessing the California Public Utilities Commission ENERGY SAVINGS ASSISTANCE PROGRAM (ESAP)

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When California's multifamily households pay over \$8 billion annually in household energy,¹ reducing barriers to accessing energy efficiency resources for multifamily housing is critical. There is tremendous energy savings potential in multifamily buildings. California could save over 2,200 GWH and 86 MTherms from energy efficiency improvements in multifamily buildings² To reduce barriers to accessing energy efficiency resources for MF households, CHPC makes the following recommendations:

Establish an expedited enrollment process for multifamily rental housing—using HUD-verified income data.

Determining income eligibility unit-by-unit is unnecessarily burdensome, duplicative, and inefficient in multifamily buildings—particularly in rent-restricted buildings that collect tenant income information. Recognizing this barrier, the U.S. Department of Housing and Urban Development (HUD) and Department of Energy (DOE) created a system for the federal Weatherization Assistance Program (WAP) to determine the income eligibility of residents of low income housing to receive energy services.

To increase administrative efficiency while ensuring adequate assurance of income eligibility, the Commission should model a similar process to that of WAP's list of eligible buildings. Using the a process similar to the WAP list offers some distinct advantages:

- Relies upon HUD's rigorous review of household income
- Uses a 200% federal poverty limit—similar (but not identical) to the ESA Program;
- Establishes building-level eligibility for buildings with at least 80 percent of units with income qualifying households;

Remove the ban on furnaces and hot water systems for renters

Prior CPUC policy established in 2007 and 2008 prohibits the ESA program from the repair and replacement of furnaces and hot water systems in rental households, although it is allowed for homeowners. Upon reviewing the record and talking to the Administrative Law Judges (ALJs) in those cases, we believe there was no evidence justifying this prohibition. However, the utilities and others are now arguing that eliminating this ban would benefit landlords, rather than tenant-customers who are served by ESAP. There is also concern about the cost of installing these measures.

Furnaces and particularly domestic hot water systems have the greatest potential for deep energy savings. According to the Multifamily Subcommittee of the California Home Energy Retrofit Coordinating Committee, an interdisciplinary stakeholder group convened by EPA Region 9 to develop consensus-based energy upgrade program recommendations, the "single largest and most consistent opportunity in multifamily housing is reducing

¹ Nehemiah Stone, "Multifamily Buildings: Economics and Energy Efficiency," presentation at the 2011 ACI National Home Performance Conference, <http://2011.acinational.org/sites/default/files/session/81072/aci11mult1stonenehemiah.pdf> (accessed December 15, 2011).

² Benningfield Group, "U.S. Multifamily Energy Efficiency Potential by 2020," p. 13, prepared for the Energy Foundation, October 27, 2009, http://www.benningfieldgroup.com/docs/Final_MF_EE_Potential_Report_Oct_2009_v2.pdf (accessed December 15, 2011).

MAIN OFFICE

369 Pine St.
Ste. 300
San Francisco, CA 94104
Tel: (415) 433-6804
Fax: (415) 433-6805

LOS ANGELES

800 South Figueroa St.
Ste. 760
Los Angeles, CA 90017
Tel: (213) 892-8775
Fax: (213) 892-8776

SACRAMENTO

5325 Elkhorn Blvd.
PO Box 8132
Sacramento, CA 95842
Tel: (916) 683-1180
Fax: (916) 682-1194

SAN DIEGO

113 West G St.
PO Box 319
San Diego, CA 92101
Tel: (858) 693-1572
Fax: (213) 892-8776

the energy consumed to heat domestic water, particularly when central systems are present.”³ In addition, “replacing old boilers and furnaces with modern, efficient units can improve efficiency by 50% or more.”⁴

It is important to realize that while heating and domestic hot water systems often represent larger (if not the largest) energy consuming measures and thus savings opportunities, replacing such measures is not always the most cost effective measure to implement. While this begs the question of what should be the cost-effectiveness metric, this reinforces both the need to make heating and hot water measures eligible in the ESA Program and to use a whole-building audit to determine what are the most appropriate measures needed to reach an energy savings target.

Use a whole-house audit approach to energy efficiency improvements

In order for the ESAP program to achieve the substantial energy savings available in multifamily housing it must move beyond a prescriptive list of measures to a whole-house, performance based approach addressed through an energy audit. This approach would determine the instances in which substantial investments, such as furnaces and hot water systems, are justified.

Currently, neither single-family nor commercial building upgrade programs fully address the unique aspects of the multifamily housing due to its wide variety. It can be high- or low-rise, affordable or market-rate, residential but with common areas and with individual and/or central energy consumption systems. Residential programs often miss savings opportunities in common areas, while commercial programs often miss opportunities in residential dwelling units. The audit tools now available can help the ESA program update its services for multifamily housing to yield vastly greater energy savings.

Create a “One Stop Shop”—Single Point of Contact

Coordination among the ESA and energy efficiency (EE) programs could significantly increase the number of buildings treated and the depth of savings in any one building. Many parties in the current ESAP proceeding embrace the term “Single Point of Contact” but there are important differences as well, including the timing of any changes that would be adopted in ESAP, the sources of funding to support the single point of contact, the services that would be offered to owners, and the application process.

The number of programs and different enrollment procedures overwhelms multifamily housing property owners and managers. The administrative costs (i.e. the time consuming research and application work necessary to access ESAP and EE programs) often outweigh the benefits. For affordable housing owners and managers with strictly constrained budgets, they cannot afford these costs and thus do not participate in these programs.

³ Multifamily Subcommittee of the California Home Energy Retrofit Coordinating Committee, “Improving California’s Multifamily Buildings: Opportunities and Recommendations for Green Retrofit and Rehab Programs,” p. 20, April 11, 2011, http://www.multifamilygreen.org/wp-content/uploads/2011/02/MF-HERCC_Multifamily-Program-Design_Final_04112022.pdf (accessed June 13, 2011).

⁴ Charles Harak, “Up the Chimney, How HUD’s Inaction costs taxpayers Millions and Drives Up Utility bills for low-income families,” p. 10, National Consumer Law Center, August 2010, http://www.associated.org/local_includes/downloads/44215.pdf (accessed December 15, 2011).