



Better Buildings Neighborhood Program Multi-family/Low Income Peer Exchange Call: *Strategies to Address Split Incentives in Multi-family Buildings*

Call Slides and Discussion Summary

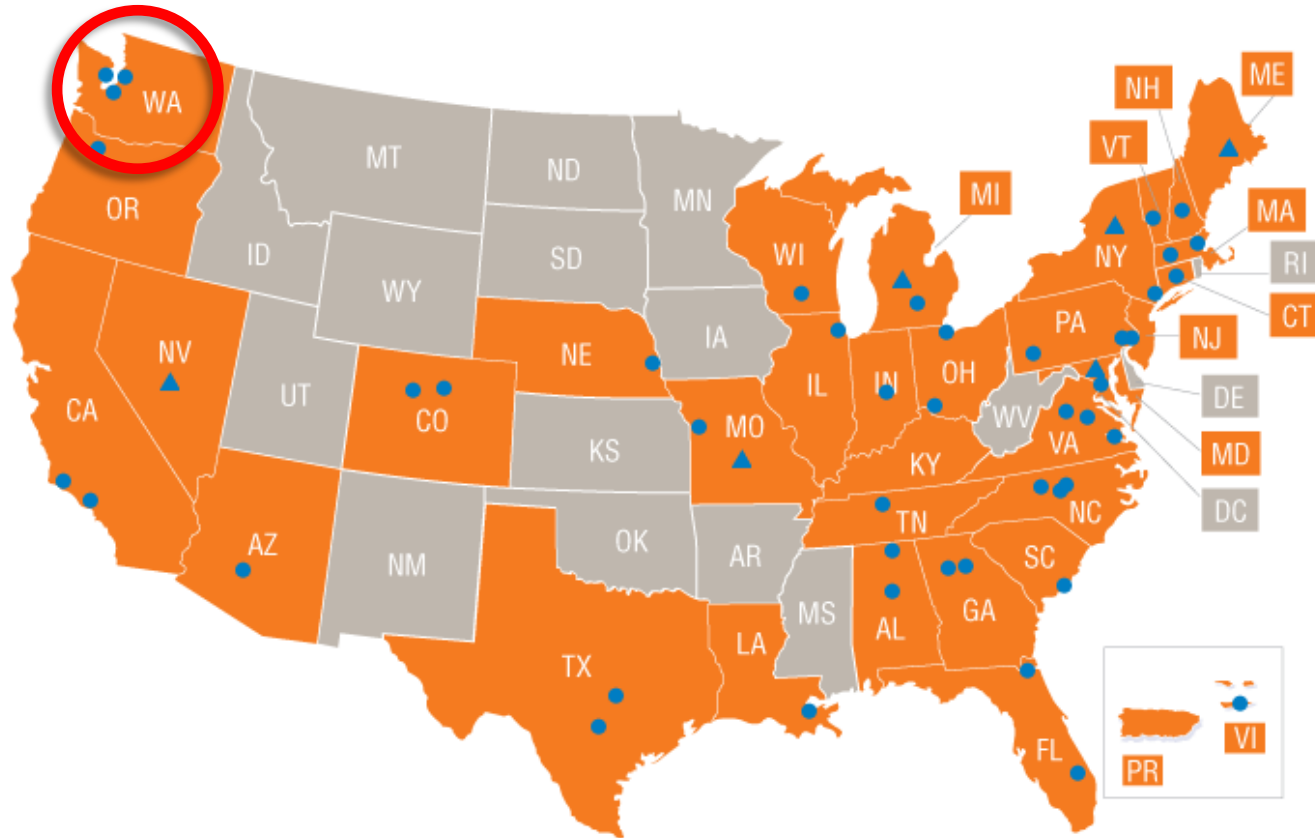
April 26, 2012

- Call Logistics and Attendance
 - How are you working with owners and tenants on multi-family upgrades?
- Program Experience and Lessons:
 - Michael Croston, Repower Bremerton
- Discussion:
 - What are some of the key challenges for working with rental properties?
 - What are effective strategies for working with owners?
 - What are effective strategies for working with tenants?
- July Workshop Meeting and Upcoming Calls

Participating Programs and Organizations

- Austin, TX
- Bainbridge Island, WA
- Chicago, IL
- Connecticut
- Eagle County, CO
- Kansas City, MO
- Lincoln, Nebraska
- New York
- Phoenix, AZ
- San Francisco, CA

Bremerton, Washington



- The program has been focused more on the owner than the tenant; it is looking for ways to motivate the landlord to make energy efficiency improvements.
- The program utilizes an assessment and a 90-minute install of CFLs and low-flow showerheads as an opportunity to educate the homeowner, landlord, and/or tenant about the available rebates, financing and program overall.
- Local rental owners associations are invited to marketing events.
- The program is launching a bonus for rental property owners who do multiple upgrades for multiple units.

- What are some of the key challenges for working with rental properties?
- What are effective strategies for working with owners?
- What are effective strategies for working with tenants?

Key Challenges

- Tenants want to pay less for utilities but do not want to make any expensive improvements to rental properties.
- Owners do not have a strong incentive to make improvements if tenants are paying utility bills.

Strategies for Working with Owners

- Repower Bremerton discusses building science with owners to support the argument about the reduced cost of maintenance and higher occupancy of the property (i.e., with a more comfortable, healthier property).
 - This works well with standard properties, but the program has not yet broken through to the low-income market as the cost-benefit can be limited (i.e., owners are limited on how much they can charge for rent, some tenants do not pay their bills).
- Austin also noted increased retention and decreased maintenance calls for supervisors (i.e., problems with air conditioners) with their program.
- San Francisco focuses on working with multi-family building owners who are early adopters that are willing to take it on because it is good business practice and a selling point for renters.

- Engage owners when they are renovating buildings or units or when there are vacancies and other upgrades are happening.
- It can be useful to emphasize that energy efficiency or other upgrades can lead to happier tenants and thus fewer problems for owners and managers.
- Upgrades can also provide additional sources of income. For example, one owner in San Francisco converted a storage room into a bike parking room and charged tenants a small fee. Tenants were happy to have the amenity, and the owner made more money and had less damage to the building.

Strategies for Working with Tenants



- Bremerton markets their program to tenants based on comfort instead of savings. If the property is well insulated and/or heated appropriately, they will save money but they will also be more comfortable.

Lessons Learned

- Get involved with local apartment associations and professional property managers' associations, which can be allies to the program.
- It is more cost-effective (and more attractive to contractors) to have multiple upgrades in a multi-family project.
- Owners who pay for central heating of a building (versus paid by individual tenants) are more likely to do upgrades. In general, it is useful to focus on the bill payer.

Lessons Learned

- “Green leases” with provisions for accessing utility data are becoming increasingly utilized.
- For areas of the country with low heating/cooling bills, bundling benefits by integrating water savings into the equation can be appealing to property owners.
- Education of maintenance staff is important to ensure that upgrades provide energy savings in the long-term.

Resources (Slide 1 of 2)

- Chicago case studies: <http://www.cntenergy.org/buildings/energysavers/>
(go to “Latest Energy Savers Update”)
- Energy Upgrade California case studies:
<http://multifamily.EnergyUpgradeCA.org>
- San Francisco case studies:
<http://www.sfenergywatch.org/multifamily.html>
- Resource for utility allowances and energy efficiency:
<http://www.h-m-g.com/multifamily/UtilityAllowanceOptionsforInvestmentsinEE-RG.pdf>

Resources (Slide 2 of 2)

- ECP Resident Engagement Tools:
<http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/resources/resident-engagement>
- ECP Green Multifamily Retrofit Program that has tools to do Audits, Quality Control on Audits to Contracting and Verification: <http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/resources/multifamily-retrofit>
- ECP Operations and Maintenance Tools:
<http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/resources/operations-and-maintenance-toolkit>

Potential Future Call Topics

- Moving Low-Income and Multi-family Customers from Audits to Upgrades
- Using Social Media for Outreach
- Working with the real estate sector for multi-family/low income