

Multifamily Housing Non-Energy Benefits *and* Energy Efficiency

*ACEEE Market Transformation
Washington, DC - April 15, 2003*

Nehemiah Stone
HESCHONG MAHONE GROUP

What is the Value of Energy Efficiency in the Multifamily Market?

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Values Delivered

- **Comfort**
- **Increased Property Value**
- **Energy and Peak Savings**
- **Maintenance Savings**
- **Tenants' Energy Bills**
- **Financing**

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What is the Cost of Energy Efficiency?

- **First Costs (higher?)**
- **Risk (design or installation errors)**
- **Delays (procurement or design)**
- **Financing (timing)**

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Barriers

- **Market Barriers**
 - Knowledge
 - Analysis
 - Timing
 - Value perceptions
 - Cost (maybe)
- **Regulatory Barriers**
 - State building standards
 - HCD guidelines
 - Housing Authorities' utility allowance structures

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Public Housing Authorities

- **Make units more affordable**
- **Increase number of affordable housing units**
- **Decrease utility costs, while**
- **Holding rents steady**
- **Get repayment of development loans more quickly**
- **Owners' profitability**

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Affordable Housing Owners

- Improve pro-formas
- Increase property value
- Lower maintenance costs
- Fewer vacancies or arrears
- Higher rents
- Better loan terms
- Good publicity

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Brookview Balance Sheet

● Incremental First Costs	\$6,749
● Program Rebate	\$6,120
● NET First Costs	\$629
● Developer's First Year Savings	~\$ 2450
● Total First Year Energy Savings	\$9,178

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Brookview Pay Back Period

- **13.5 Weeks**
- **Considering Tenants Savings, it's only 3.5 WEEKS!**

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Multifamily Energy Efficiency Program Goals

- **Eliminate or reduce certain market and regulatory barriers**
- **Achieve short and long term process and design improvements**
- **Energy and peak savings**
- **Comfortable, valuable apartments**

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Program Description

- **Market Assessment**
- **Outreach**
- **Design Assistance**
- **Verification**
- **Performance Incentives**
- **Housing Authority Assistance**

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Partnering with Housing Authorities

- **A Two Tiered Utility Allowance**
- **Decreased public housing costs**
- **Greater attractiveness to new developments**
- **Quicker payback of loans**
- **Lower housing burden for tenants**
- **More affordable housing**

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Potential New Partners Next Round

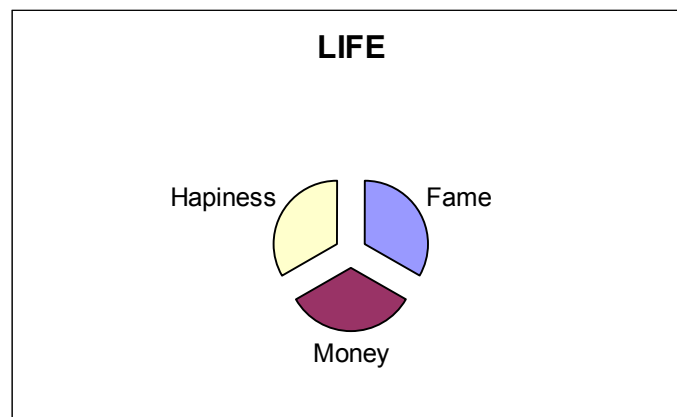
- **Chambers of Commerce**
- **Redevelopment Agencies**
- **Municipal Water Districts**
- **Lenders**
- **City and County Governments**
- **Insurance Companies**

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What's in it for me?



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Chambers of Commerce

- **Approximately 80¢ of every dollar spent in a community stays there**
- **Only about 25¢ of every dollar spent on energy stays in the community**
- **Energy efficiency decreases workers' "sick time" usage**

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Redevelopment Agencies

- **Efficiency decreases transience**
- **Multiplier effect increases viability of neighborhoods**
- **Making affordable housing investments more attractive can help redevelopment agencies meet their state housing mandates**

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Municipal Water Districts

- **Many residential energy efficiency measures also reduce water usage**
- **Common laundry measures have larger water benefits than energy benefits**

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Lenders

- **Developers that receive a utility allowance adjusted rent schedule, have better pro-formas**
- **Property value increase makes a project less risky**

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Municipal Governments

- **Energy efficiency decreases the housing burden**
- **In only 6 of the 60 largest metro regions can a janitor afford a one bedroom apartment; for a retail sales person, it's only 3 regions**
- **In San Jose, police could not afford to rent, so business and government partnered to foster "affordable" housing**

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Insurance Companies

- **Reduce liability**
 - **equipment failures**
 - **mold related illnesses**
 - **fires**

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Other Efforts

- **Building Standards**
- **HCD's Housing Bond programs (\$2.1B)**
- **Home Energy Ratings for MF**
- **ENERGY STAR® for Multifamily**

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