

AMEND THE MULTI-FAMILY PROGRAM

Recommendation Number _____¹

Targeted Underserved Group: Renters Living in Older Multi-Family and Rental Properties

Brief Description: Restructure the Multi-family Program to provide a more comprehensive approach to energy efficiency and increase the efficiency of air conditioners in rental properties. The lifecycle of central HVAC equipment is 15 years and energy performance should be recognized for incentives.

Time Schedule: Implementation in 2016

Budget impact: Anticipates using funds currently allocated to the Multi-Family program.

Community Need: Over half-- 55%--of Austin residents live in rental housing.² Most housing units --61%--were built before 1990 and 40% were built between 1970 -1989.³ Census data further indicate than households who rent have lower income than those who own their own homes. Approximately 22% of owners have income below \$25,000 compared to 33% of renters.⁴ Approximately 47% of owners have income under \$50,000 compared to almost 64% for renters.⁵ Providing a greater amount of energy efficiency program activity in rental property is highly likely to benefit low and low moderate income customers. Tracking of demographic data for participants is highly encouraged to help determine the distribution of energy efficiency benefits to different income groups.

The inability of many renters to pay their utility bills is because of high usage that could be reduced with energy efficiency improvements. These are improvements that make living in the apartment unit more affordable for the tenant and contribute to Austin Energy's energy efficiency and climate protection goals. The current multi-family program through high rebates (85 to 90% of project costs) to owners of rental properties has been successful in promoting air infiltration measures, duct sealing, insulation, solar screens, pipe wrap, compact fluorescent lighting and low-flow water devices. However, the program does not appear have success in having landlords replace air conditioning

¹ Number will be assigned in final report.

² 2014 Comprehensive Housing Market Analysis City of Austin Final Report, July 31, 2014 Prepared for City of Austin Neighborhood Housing and Community Development, 1000 E 11 St. Austin, TX 78702 by BBC Research and Consulting, 1999 Broadway, Suite 2200, Denver, Colorado 80202-9750 p. 9.

³ *Ibid.*, p. 6.

⁴ U.S. Census Bureau, American Fact Finder, S2503 FINANCIAL CHARACTERISTICS, 2009-2013 American Community Survey 5-Year Estimates

⁵ *Ibid.*

units that are the drivers of high bills for many low and low moderate income renter households. A majority of program resources have been allocated to newer larger apartment communities. This more comprehensive approach would result in higher property values but will also require a higher financial contribution of energy efficiency retrofits by property owners.

Program Description: Amend the Multi-Family Program to achieve:

1. more comprehensive energy efficiency in apartments encouraging replacement of old, inefficient air conditioners and
2. greater emphasis on providing energy efficiency in small rental properties (up to 30 units) .

Working toward this objective Austin Energy should consider adopting changes to the multi-family program that would tie eligibility for high rebates for measures typically installed under the program to requirement such as:

- Requiring that air conditioners be more consistent with the current minimum stand to qualify for rebates under the appliance program.
- Requiring that 25 percent of all air conditioning units are less than 10 years old.
- Requiring that none of the units be cooled with an air conditioner that is more than 25 years old.
- Allow rebates to be paid for replacement of air conditioners that only meet the current energy code because of overly burdensome physical installation limitations in individual dwelling units that prevent the installation of a unit that meets the appliance standard program energy efficiency standards.
- Dedicating staff time to target owners of small rental properties to personally contact and meet with landlords to promote the benefits of energy efficiency retrofit.