December 1, 2014

Honorable Gina McCarthy
Administrator, Environmental Protection Agency
EPA Docket Center, Mail Code 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Docket ID Number EPA-HQ-OAR-2013-0602

To Whom It May Concern:

The undersigned organizations fully support EPA's recognition of the potential of energy efficiency to reduce power plant emissions at low cost by including it as a ***best system of emission reduction*** (BSER) in its draft Clean Power Plan. Energy efficiency is a proven resource with significant potential to dramatically reduce power plant emissions and do so at low cost.

There is significant untapped energy efficiency potential in the affordable multifamily housing stock. The adoption of energy efficiency programs and policies targeted to the affordable multifamily housing sector will help states and utilities realize substantial cost-effective energy savings.

We, therefore, recommend that affordable multifamily housing energy efficiency be included in the potential emissions reductions used to set the targets in Block 4 and should be credited in state plans.

As utilities and program administrators push to achieve and sustain high energy savings, they cannot ignore or underserve multifamily housing markets. The savings potential from multifamily upgrades are large and can contribute significantly to overall program savings and help meet aggressive energy savings targets. Administrators are recognizing the important role that multifamily programs can play in meeting their savings goals and are responding by introducing or expanding affordable multifamily housing within a menu of energy saving incentives. They also understand that a large share of customers served by such programs are low-income households, for whom reducing energy costs and keeping such costs affordable will meet critical needs with very clear, direct benefits for their well-being.

Efficiency Opportunities in the Affordable Multifamily Housing Sector Will Help Achieve Strong Efficiency Performance

The affordable multifamily housing sector in the United States has significant untapped energy efficiency potential. Like many other forms of energy efficiency, efficiency in the affordable multifamily housing sector would qualify as BSER. As affordable multifamily housing owners install and implement energy efficiency measures that reduce their electricity consumption, they reduce the demand for generation from electric generating units, resulting in emissions reductions.[1]

On average, multifamily housing is older than single-family housing and has less efficient heating, cooling, plumbing, and lighting systems. An Energy Programs Consortium analysis found that 85 percent of multifamily units were built before 1990, leaving room for substantial savings — anywhere from 30 to

[1] Federal Register, Vol. 70, No. 117, Wednesday, June 18, 2014, page 34871.

50 percent — from energy-efficiency improvements. Despite that reality, multifamily housing has many characteristics that make it especially amenable to energy retrofits. First, multifamily housing is inherently more energy efficient than single-family housing, due to size per unit, exterior exposure, and other structural differences.

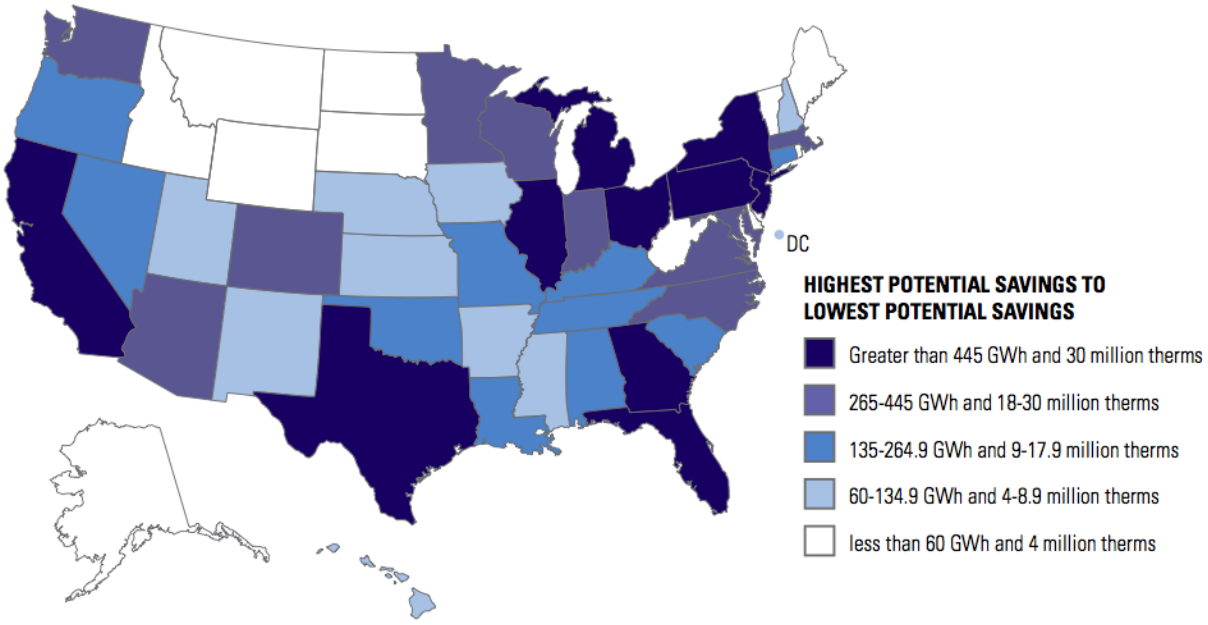
However, the multifamily sector has not received its fair share of investment, despite the fact that, per-unit annual payback on investment (APOI) for multifamily energy-efficiency retrofits is actually better than that for single-family homes. This is partly due to the advantage of economies of scale not available in single-family homes. It is easier to coordinate retrofits for multiple units that are contiguous and a single intervention, such as an HVAC replacement, can improve efficiency in every unit in the building. This fact is critical when we consider that the EPA underestimates the potential for energy efficiency by assuming that states will only be able to ramp up energy efficiency programs extremely slowly. **By investing more resources into the multifamily sector, states can scale up energy efficiency programs much more rapidly than previously imagined, enabling real energy savings quickly.**

According to a number of studies and analyses, the affordable multifamily housing sector in the United States has potential for energy efficiency in the vicinity of 30 percent of current energy usage and approximately 12,000 GWH of electricity, or the equivalent of nine average coal fired generation units.[2] According to a study conducted by the American Council for an Energy Efficient Economy (ACEEE) and Elevate Energy (formerly CNT Energy) as many as 10 states could realize greater than 445 GWh in savings annually from a 15 percent reduction in electric use in the multifamily buildings (See Figure 1 below).[3]

[2] U.S. MULTIFAMILY HOUSING STOCK ENERGY EFFICIENCY POTENTIAL; HUD-Assisted, Low Income Housing Tax Credit, and Large Real Estate Investment Trust Properties Prepared for The Energy Foundation; April 9, 2010

[3] CNT Energy and American Council for an Energy-Efficient Economy. 2012. Engaging as Partners in Energy Efficiency: Multifamily Housing and Utilities

FIGURE 1
ANNUAL SAVINGS BY STATE WITH 15% ELECTRIC AND 30% NATURAL GAS EFFICIENCY IMPROVEMENT IN MULTIFAMILY BUILDINGS



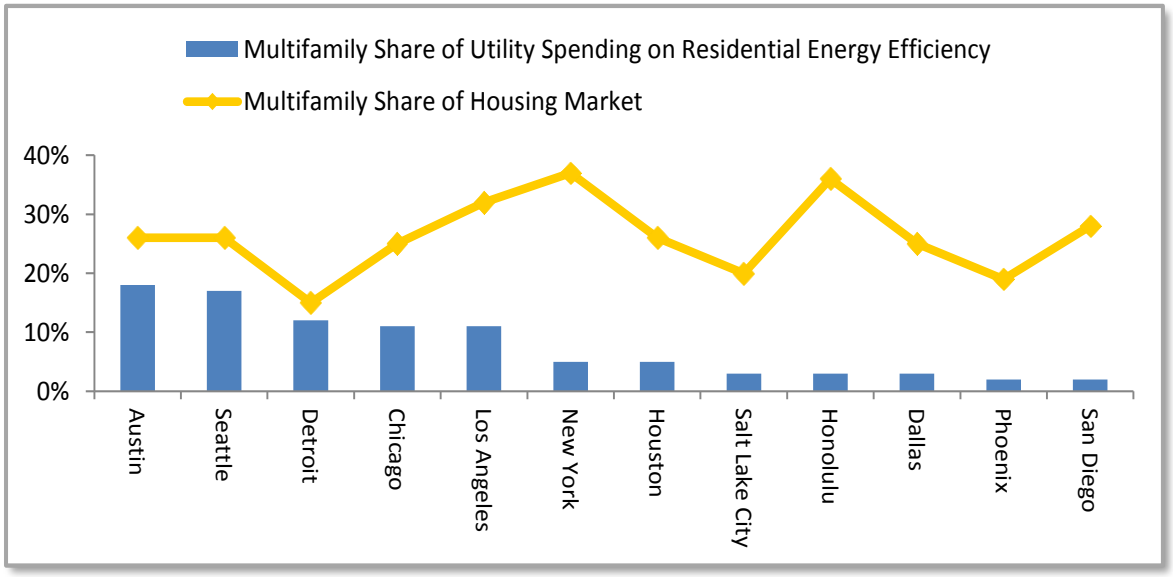
Affordable Multifamily Energy Efficiency Programs Are Not Widespread

Despite this potential, multifamily rental housing has been generally underserved by existing utility-sponsored energy efficiency programs. Multifamily buildings represent approximately 25 percent of the housing units in the U.S. and comprise 20 percent of energy consumed by all housing units[4], yet they have been greatly overlooked when it comes to implementing energy efficiency programs. A minority of utilities have developed targeted multifamily energy efficiency programs. Programs that are targeted to multifamily housing are funded at rates far less than its share of the housing market. Studies have clearly demonstrated that multifamily housing has received a disproportionately small share of available electric energy efficiency funding in many states.[5] In one such study, it was determined that multifamily units occupied by low income renters had 4.1 fewer energy efficiency features in 2005 and 4.7 fewer in 2009 compared with other households.[6]

A recent analysis completed by ACEEE analyzed the 50 metropolitan areas with the largest multifamily housing stock to determine which areas had targeted multifamily programs offered by one or more

[4] Energy Information Administration. 2009 Residential Energy Consumption Survey [Table CE2.1]. Retrieved from http://www.eia.gov/consumption/residential/data/2009/index.cfm?view=consumption#fuel-consumption
[5] For example, see McKibben, Anne, et al., Engaging as Partners in Energy Efficiency: Multifamily Housing and Utilities (CNT Energy and American Council for an Energy Efficient Economy, 2012); and Harak, Charlie, Up the Chimney: How HUD's Inaction Costs Taxpayers Millions and Drives Up Utility Bills for Low-Income Families (Boston MA: National Consumer Law Center, 2010).
[6] Gary Pivo (2014) Unequal access to energy efficiency in US multifamily rental housing: opportunities to improve, Building Research & Information, 42:5, 551-573.

utilities.[7] ACEEE found that 20 of the 50 metropolitan areas have no utility programs targeted to multifamily housing. Furthermore, ACEEE's analysis determined that spending on targeted multifamily programs varied widely. In the vast majority of metropolitan areas for which spending data was available, the share of residential spending on multifamily targeted programs was less than the multifamily share of households.[8]



Affordable multifamily owners face barriers to energy efficiency, such as imperfect information of opportunities and available solutions; reactive rather than strategic decision making; perceived risk of making efficiency investments; split incentives; and constrained access to capital. Energy efficiency programs for the affordable multifamily housing sector tend to require more specificity and customization than programs typically offered for residential and commercial sectors. Special financing products are often needed to overcome the limited cash flow available in affordable housing.

Well-Designed Energy Efficiency Programs are Effective at Driving Efficiency Gains

Affordable multifamily housing energy efficiency can be realized in a number of ways, including:

- Utilities and governments fund multifamily energy efficiency programs to fill the capital gap.
- Utilities improve processes and systems for utility delivery of energy usage information to building owners and provide incentives for continuous commissioning.
- Utilities and governments support a "one stop shop" – a place for building owners to access integrated program services.
- Governments support community development financial institutions (CDFIs) and other types of lenders to make loans available for energy efficiency improvements in multifamily affordable housing.

[7] Johnson, Kate and Erik Mackres, Scaling up Multifamily Energy Efficiency Programs: A Metropolitan Area Assessment (Washington, DC: American Council for an Energy Efficient Economy, 2013).
[8] Ibid

- State housing finance agencies require affordable housing developers to incorporate energy saving improvements in their housing developments as a condition of receiving funding.

Well-designed affordable multifamily housing efficiency programs exist across the country. These programs contribute significant overall energy savings. Such efficiency programs that include effective affordable multifamily housing sector offerings would qualify as one of the "best practices" for demand-side energy efficiency.[9] Program examples include the following:

- The Pennsylvania State Housing Finance Agency assembled $25 million in financing for energy efficiency improvements from several sources of capital to create the Preservation through Smart Rehab program to provide financing for capital improvements that will result in a measurable reduction in energy consumption and utility costs. In addition to financing, the program included comprehensive energy audits, project oversight during construction, and benchmarking. The program resulted in a reduction in carbon dioxide equivalent emissions of 10,332 metric tons across 91 properties.[10]
- New Jersey's largest utility, PSE&G, has developed a successful approach to overcoming a number of the obstacles that have prevented multifamily housing from being appropriately served through previous utility energy efficiency programs. PSE&G has committed nearly $40 million over four years to its Residential Multifamily Housing Program. This program offers upfront interest-free financing and grant incentives to cover the cost of eligible energy efficiency improvements. The program also provides resources for whole building retrofits. Incentives eliminate or significantly reduce the owner's contribution to the construction costs. Owners have the option of repaying the zero interest loans through energy savings on their utility bill.[11]
- In Chicago, Community Investment Corporation (CIC), a local CDFI, provides capital for the Energy Savers program run by Elevate Energy. Energy Savers is a "one stop shop" where building owners and other market participants can access three functions: i) administrative support needed to navigate all program services; ii) technical assistance on common efficiency projects, including initial assessments, audits, and project management support; and iii) information on related service providers or lenders (such as CDFIs) that can make loans for energy efficiency projects. Energy Savers has retrofitted 18,400 multifamily apartments, saving 12,150,450 Kwh and reducing CO2 emissions by 35,000 metric tons.

Conclusion

There is significant untapped energy savings potential in multifamily affordable housing. Programs targeting multifamily affordable housing are not widespread. If the EPA Clean Power Plan properly

[9] Federal Register, Vol. 70, No. 117, Wednesday, June 18, 2014, page 34872.

[10] Center for Building Performance and Diagnostics, Carnegie Mellon University, Energy & Water Savings in Multifamily Affordable Housing: Assessment of the Pennsylvania Housing Finance Agency's ARRA-funded Weatherization Program, Preservation through Smart Rehab

[11] For information about PSE&G's multifamily program see: Public Service Electric and Gas Company, In the Matter of the Petition of Public Service Electric and Gas Company for an Extension of Three Sub-Program Components of its Energy Efficiency Economic Stimulus Program in its Service Territory on a Regulated Basis and Associated Cost Recovery and for Changes in the Tariff for Electric Service. Before the State of New Jersey Board of Public Utilities (January 24, 2011).

incents such programs, it will help states meet aggressive carbon reduction targets and be a significant policy driver for more energy efficient multifamily affordable housing.

To do so, the Clean Power Plan should incorporate investments in multifamily affordable energy efficiency as an avenue towards achieving state compliance. Paths to compliance should include, but not be limited to, utility-sponsored efficiency programs. States also should be able to claim affordable housing energy efficiency programs run by state housing finance agencies as a means to meeting compliance.

Thank you for your consideration of these comments. Please let us know if we can provide additional information.

Sincerely,

National Housing Trust

American Council for an Energy Efficiency Economy

California Housing Partnership

Elevate Energy

Enterprise Community Partners

Institute for Market Transformation

Local Initiatives Support Coalition

National Consumer Law Center, on behalf of its low-income clients

National Housing Conference

National Housing Law Project

National Housing & Rehabilitation Association

National Low Income Housing Coalition

Stewards for Affordable Housing for the Future