

The Problem – Background

A powerful tool in achieving energy efficiency in the affordable multifamily market is benchmarking and transparency of buildings' energy data use. Benchmarking means measuring a building's energy use and then comparing it to the average for similar buildings. Due to the split utility cost responsibility between tenants and owners, accessing data for multifamily housing is difficult. While a privacy waiver for utility data is required as part of the Michigan State Housing Development Authority (MSHDA) utility allowance program to calculate utility allowances, data is not readily used to make decisions in the multifamily housing industry. While some data can be accessed, there is no streamlined approach for affordable multifamily housing in Michigan.

Policy-Based, State-Wide Solutions for Michigan

Utilizing building energy performance data has emerged as a successful policy tool to lower operating costs, improve living conditions, and motivating building energy performance improvements. Without knowing the energy use of the entire building, owners have a difficult time quantifying the likely impact of energy saving opportunities on their bottom line. The ideal policy for overcoming energy data access and use issues will be driven by collaboration among utilities, the Michigan Public Service Commission (MPSC), MSHDA, and the users (i.e., owners, property managers, and tenants). Solutions identified through the course of this initiative include:

1. **Landlord Portal:** Consumers Energy and Detroit Edison (DTE) the two largest utilities in the State of Michigan currently have landlord portals allowing building owners access to whole building data. No other utilities in Michigan have landlord portals. The existing landlord portals were developed by Consumers Energy and DTE as a customer service tool to help landlords manage their building accounts. These models provide easy access with strong privacy protection and should be replicated by all utilities in Michigan. The MPSC should encourage, organize, and/or direct utilities to offer data access via an individual or a single, multi-utility landlord portal. Alternatively, Consumers and DTE should work to help other utilities establish their own portals.
2. **Statewide Collaboration:** Consumers Energy has an ongoing dialogue with MSHDA regarding data access and the calculation of utility allowances. It would be beneficial to have all Michigan utilities and the MPSC come together with MSHDA to discuss approaches to responsibly expand and streamline data access for multifamily housing in regards to energy efficiency policy.
3. **MSHDA Policy:** MSHDA should consider changes to their utility allowance policies that will motivate building owners / property managers to more accurately benchmark their buildings. MSHDA completed a successful benchmarking pilot in 2014 to streamline the approach. This new approach should be replicated, used for public (Housing Commissions) and subsidized multifamily facilities, and will allow building owners / property managers to more accurately calculate their utility allowance potentially increasing revenue, while also increasing tenant comfort.

4. **Training:** Currently MSHDA owners / property managers calculate utility allowances and can set up landlord portals, but most owners / property managers do not know how to analyze data, benchmark buildings, and use the data to make decisions. Training is necessary for owners / property managers to understand how to set up and use landlord portals for data access and how to utilize data to make decisions on monitoring building performance and rehabilitation choices.
5. **City-Level Ordinances:** City-level ordinances for building benchmarking and energy cost transparency at lease-signing currently exist in the City of Ann Arbor. Ordinances in other cities (e.g., Grand Rapids, Detroit, Lansing) should be pursued to increase energy use awareness at the tenant and building level.

Other Considerations

In addition to these policy recommendations, we also identified a potential to expand city-level ordinances existing in the City of Ann Arbor to provide transparent access to energy data and costs at the signing of a lease to the largest metro areas in Michigan (e.g., Grand Rapids, Detroit, and Lansing). These ordinances would need local city leader support and should be discussed on a case by case basis.

Project Background

These policy options were developed by an independent team of experts in the field of housing and energy efficiency. They were brought together as part of a network of individuals and organizations working to improve energy efficiency in multifamily housing in Michigan. Partners include: Community Economic Development Association of Michigan (CEDAM), Ecology Center, EcoWorks, Energy Foundation, Michigan Energy Options, Michigan Environmental Council, Elevate Energy, National Housing Trust, and Natural Resources Defense Council.

References

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