

### The Problem – Background

Affordable rental housing is critical for low-income Michigan residents, but many apartments are in need of repair and come with higher energy bills. Increasing the energy efficiency of rental housing reduces energy waste, improves resident health, and maintains reasonable rents. Additionally, improving the efficiency of these buildings helps Michigan meet its energy savings and carbon reduction goals, and contributes to the preservation of the state's affordable housing stock.

### Policy-Based, State-Wide Solutions for Michigan

There are numerous ways to improve energy efficiency in multifamily units that provides the benefits of reducing carbon emissions, as well as helping reduce expenses for tenants, building owners, and utilities.

#### MICHIGAN FAMILIES

- Reduces the burden of energy bills for Michigan renters, 50.3 percent of whom spend more than 30 percent of their household income on rent and utilities
- Creates healthier, more comfortable living environments that can reduce instances of illnesses like asthma, which can be a major driver of missed work and school days

#### MICHIGAN COMMUNITIES

- Improves local economies by creating clean energy jobs (recent studies have found that energy efficiency jobs comprise 55 percent of clean energy jobs in Michigan) and allows residents to dedicate spending to other non-energy necessities
- Reduces operating costs for affordable building owners, freeing up capital for preserving Michigan's affordable housing stock

#### MICHIGAN UTILITIES

- Helps utilities meet the annual electric and gas savings targets established by Michigan's Clean, Renewable, and Efficient Energy Act
- Builds goodwill with the more than 414,000 households in Michigan that live in affordable multifamily homes by improving the buildings they live in
- Reduces bill payment issues and related costs to utilities by lowering the energy bills of low income customers
- Has the potential to make a significant contribution to the energy efficiency portion of Michigan's Clean Power Plan strategy for reducing carbon pollution 31 percent by 2030

### Recommended Policy

#### Legislative and Regulatory

- **Utility-based Energy Optimization Program:** Ensure that utilities equitably serve multifamily customers through their energy optimization programs. The current PA 295 legislation requires utilities to include program offerings for each customer class, but flexibility to vary the amount of effort and funding devoted to each class. Since multifamily customers do not have their own class, they are at risk of being underserved. As new

legislation gets debated, we want to ensure there is fair savings goals allocated for multifamily low-income.

- **Data Access:** Require utilities to provide building owners with access to aggregate building energy use data
- **Whole-Building Approach:** Set energy savings goals based on lifetime energy savings rather than first-year savings to encourage comprehensive whole-building program design.
- **Using Energy Efficiency as a Resource:** Increase Michigan's capacity to harness energy efficiency as a resource.
  - Increase the energy efficiency standard
  - Remove the 2% cap on utility energy efficiency spending
  - Support decoupling for both electric and gas utilities

### **Michigan State Housing Development Authority (MSHDA) QAP Process**

- **Contain Costs in QAP Scoring:** Local requirements and upfront energy efficiency costs end up penalizing projects on QAP points. Explore how this might be addressed in the QAP scoring process
- **Green Criteria Standards and Incentives:** Consider whether or not the green criteria standards and incentives in QAP are the right ones. There should be more input from the energy industry on this issue.

### **Other Considerations**

Currently, Michigan is undergoing a re-write of its state energy policy. Both the House and Senate bill packages are considering changes framed around protecting ratepayers and having an adaptable energy Plan. However, both packages offer serious threats to this work, by allowing the current Energy Optimization savings programs to sunset at the end of 2015, and allowing utilities to opt out of cost ramps through the MPSC.

### **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**

U.S. Census Bureau; American Community Survey, 2009-2013 American Community Survey 5-Year Estimates, Table GCT2515; <http://factfinder2.census.gov>; (13 February 2015).

Gallagher, John. "Building Boom Coming at Michigan Power Plants." *Detroit Free Press* <http://www.freep.com>; (12 October 2014)