

## PROGRAM DESIGN

### The Problem – Background

Michigan utilities currently offer a variety of programs for multifamily buildings, some specifically targeted to the sector and others designed for single-family residential or commercial customers. However, in order to achieve the significant remaining energy savings potential in multifamily buildings, Michigan will need an increased level of investment in the multifamily sector as well as tailored, innovative programs designed to meet the unique needs of multifamily building owners. It is especially important to tackle the unique barriers faced by affordable multifamily buildings, where 60 percent of Michigan's multifamily households live.

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

Enlisting all of Michigan's utilities to develop innovative strategies that can motivate owners to undertake comprehensive whole-building energy savings will be necessary to realize the significant energy savings and other benefits that can be achieved in the sector. Policies that require energy optimization programs to equitably serve multifamily customers, set energy savings goals based on lifetime savings, create consistency and transparency throughout the state, and address existing barriers will be imperative.

1. **Utility Sector Representation:** Direct utilities to equitably serve multifamily customers relative to their representation in the housing stock to create a specific program for multifamily affordable housing (MFAH).
2. **Whole-Building Approach:** Currently, utility return-on-investment goals are set only for first-year energy savings and discourages them from installing higher-cost but longer-lived and more cost-effective measures with deeper savings and greater benefits to low-income residents. Develop a whole-building incentives approach which targets comprehensive savings and addresses additional measures that exist beyond the "low-hanging fruit" implemented to date in the direct install programs. Additionally, support benchmarking, audits and other assessments to reinforce these efforts.
3. **Utility Collaboration:** Develop a mechanism to promote utility collaboration which allows for consistency in multifamily affordable housing program details and incentives across utilities. Assure coordination and count savings across electricity, gas and water programs. This could result in a "one-stop shop" concierge service provider for the sector, with lessons learned from current pilot in Lansing and other best-practice programs. Develop standards for robust quality assurance.
4. **Consistent Outreach:** Develop a dedicated outreach salesforce, specific to the multifamily affordable housing sector in order to drive participation, education and awareness of an enhanced program. This approach can reinforce the consistency of message and overall program delivery while building partnerships with key local market players.
5. **Engage Funders:** Create incentives for the engagement of multifamily affordable housing sector lender/funders. Bringing them into the process, and aligning goals between utilities and state agencies/organizations can reduce conflicts and increase participation and overall investment. This may also assure incentives are available at

project outset, which is a key consideration and fundamental barrier. Furthermore, on-bill financing strategies or other collaborations could serve to benefit all constituencies.

6. **Training and Education:** Provide more comprehensive training and education programs for facilities staff and residents of multifamily affordable housing. Behavior response programs could result in additional savings. An additional opportunity is providing an enhanced set of open source tools and resources (with training) to elevate the private sector and reinforce efforts.

## Other Considerations

Capturing the efficiency potential in multifamily housing enables utilities to meet energy savings targets, reduce system costs, defer or avoid distribution system upgrades, and reduce marginal line losses. The cost of obtaining these system benefits delivers value directly back to customers —increasing the value of the building stock, reducing expenses, improving the health and safety of tenants, and more.

## 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

Energy Efficiency For All (EEFA)'s *Program Design Guide: Energy Efficiency Programs in Multifamily Affordable Housing*.