

MassSAVE Action Plan for Rental Housing

DRAFT

August 3, 2010

There is a huge opportunity for achieving substantial energy savings in the 1 to 4 family rental market, with approximately 500,000 units in Massachusetts. Most of these buildings are over 50 years old and have had very few energy efficiency measures installed.¹

Overview of Issues/Barriers

The issues identified as barriers to landlord participation in the program tend to fall into four key categories: 1) Awareness, 2) Hassle factor, 3) Concern about code violations, and 4) Finances. It is also possible, as Bay State Gas has done, to successfully conduct outreach directed at the tenants, but only if the financial contribution expected from tenants is minimal or zero.

Moving Forward to Increase Landlord Participation

In order to craft a successful strategy to increase landlord participation, the MassSAVE program planners will need to ‘think like a landlord’: How can each of the four key barriers be addressed so that landlords will be motivated to act? It is proposed that the MassSAVE program employ a multi-pronged strategy to bring significantly more landlords and tenants into the program in order to help achieve the aggressive energy savings goals in the 2010-2012 plans, and to include this strategy, along with specific funding, in the statewide 2011 plans.

1. Intensive Outreach Campaign

- To proactively address the awareness barrier, launch a promotional campaign to alert and educate landlords about the MassSAVE program. Also target the 54% of landlords who are aware of the program but are likely not participating.
- Develop customized marketing materials that focus on the experiences of one or more participating landlords, thereby providing peer testimonials that may motivate others to participate.²
- Work with the Mass. Rental Housing Association (MRHA)³ to reach out to their members, and through other mailing lists that they periodically utilize for outreach. MRHA has indicated strong interest in helping to promote the programs. Strategically target landlords with high-use buildings through a personal invitation letter campaign.

Specific actions to take in late 2010 and to include in the 2011 plans:

- a. Web sites – greatly improve the usability of the MassSave and individual utility websites for landlords – at present landlords,

¹ MassSAVE: Results of the Landlord Survey, NMR, 2007.

² Results of Focus Groups among Landlords Eligible for the MassSAVE Program, NMR, 2005

³ There are 21 Massachusetts Rental Housing Association Member Organizations identified in the MassSAVE Market Evaluation working group report.

especially owners of 1 to 4 unit properties, would not even know that the programs apply to them, much less how to use them. Same for tenants.

- b. Specific questions to ask in screening calls to MassSave.
- c. Brochures – develop a brochure targeted to landlords (already in second draft).
- d. MRHA newsletters – put articles in the statewide and local chapter e-mail newsletters of MRHA, explaining what programs are available to landlords, and highlighting the program change that now makes the 75% subsidy an immediate discount on services rather than a rebate.
- e. Speakers – send speakers to MRHA chapter meetings throughout the state – MRHA will facilitate this.
- f. Conference(s) - support one or more conferences for landlords that MRHA will sponsor, in Boston/Cambridge and possibly another location such as Worcester. MRHA is willing to organize the conference(s), asks that they be provided with a free location and speakers.
- g. Possibly purchase other mailing lists for landlords (MRHA apparently gets them from municipal assessors) and send outreach materials to them.
- h. Provide brochures that MRHA chapters can distribute to members.
- i. "Virtual energy audit" – City of Boston's idea to create a database of rental units and tell landlords how their units' energy consumption compares to others of similar size.

2. Landlord Customer Care

- To address the hassle factor barrier, train and provide a 'Landlord Customer Care' staff person at each of the vendors. The vendor staff person must be trained to understand and meet the specific needs of landlords.
- Consider revising the requirement for getting three bids on installation of heating systems (and other measures?) – landlords have identified this as taking a significant amount of their time, and so being a barrier. Perhaps the PAs could make standard arrangements with contractors, as the low-income programs do? Or set a "fair market" rate for services that contractors would have to adhere to?

3. Offer They Can't Refuse

- The change to an up-front 75% discount rather than a rebate is a major improvement to the program (some utilities were doing this before, but not all), greatly reducing the financing barrier for landlords. **Publicize this change through all the methods shown in (1) above, and look for other methods.**
- Develop a table of specific financial barriers for landlords and proposed market interventions.

- Consider increasing the discount from 75% to 100%, or close to 100%. Bay State Gas did 100% for a period, and advocates that this be done statewide. Landlords could be given the option of 75% without strings, or 100% with strings such as those in the low-income program, like holding the rent constant for a period of time. Higher incentive levels could also be tied to installing comprehensive energy efficiency improvements in, or affecting, all units in the building. There are significant budget issues associated with increasing the incentive percentage that would need to be investigated.
- Consider raising the cap of \$2,000 per unit (75% of costs).
- For landlords who prefer financing, investigate with banks the possibility of expanding the HEAT Loan offering to include non owner-occupied properties. [is this already happening?].
- Financing tied to the meter or to property tax bills rather than to the current tenant or landlord? (a version of “PACE” legislation authorizing a form of this is pending in the state legislature)
- Address the code violation concern. Provide a specified amount of available funding per project to help address any code violations that need to be fixed in order to install energy efficiency measures. Investigate other potential sources of funding. A similar concern that MRHA raised is that for Section 8 housing, the inspection requirements go beyond the building code, and are very difficult to pass (at least in some locations).

4. Outreach to Tenants

Provide additional social pressure for landlords to participate by educating tenants about their right to obtain energy usage information on prospective apartments, and by asking tenants to directly encourage their landlords to participate (have already drafted a poster/flier). Institute a tenant outreach program, with components such as:

- a. community groups
- b. apartment referral agencies
- c. college housing offices
- d. PA’s say they can identify rental units in their records – do targeted bill stuffers and email messages directed at tenants who pay their own utility bills.
- e. train utility call centers on how to respond to requests for billing data in a way that is simple and effective for prospective tenants.
- f. consider ways to make it easy for tenants to obtain utility billing histories on rental properties, such as making the information accessible on the web.
- g. as Bay State Gas does, provide a packet for tenants that includes a form for their landlord to agree to have efficiency improvements done.

INTERNAL DRAFT