DOER's and the Consultants' Proposal to Further Advance Service to Renters

The PAs have delivered a thoughtful response and approach to the Council's recommendations for serving renters, including in the 21 Designated Equity Communities. Given initial feedback on the draft Plan from the Council at its April 25 meeting, DOER and the Consultants propose for discussion purposes the following changes to the PAs' draft renter plans, including in the Designated Equity Communities:

Increase overall budgets and production numbers for rental properties, including a significant increase for 5+ unit multifamily buildings. The increases should include considerations of proportionality (% of renter households in MA) and working toward overcoming prior levels of underinvestment in renters and rental properties. Renters make up 38% of Massachusetts households, but the draft plan only allocates 21% of Residential and Income Eligible incentives to renters, while 82% of incentives in the residential sector are allocated to non-renter, non-moderate-income customers. Because renters have been underserved for years, achieving distributive justice would require Mass Save to exceed proportional spending to close the investment gap, but achieving proportional spending in this plan term would be a step in the right direction.

Remove income verification requirement for enhanced barrier mitigation and electrification incentives for rental properties in 21 Designated Equity Communities *(1-4 and 5+).*
These communities have been selected because they have a high percentage of renters and of low and moderate income customers. Renters have the strongest correlation of non-participation. We strongly support the PAs' proposal to offer a 100% incentive for weatherization without income verification for residents, including renters, in Equity Communities. Income verification is, in and of itself, a significant barrier to participation and we think that removing the income verification requirement for weatherization will increase uptake. We think that this approach should also be carried through to barrier mitigation and electrification incentives for rental properties. This will simplify the customer journey and facilitate both weatherization and electrification in rental properties. We feel that requiring income verification for rental properties does not fully accomplish the objectives of the Council's recommendation, and we fear that the income verification barrier will impede uptake and limit production contrary to our collective objective.

We strongly support the turnkey approach for barrier mitigation and electrification for 1-4 unit properties. We feel that it will simplify the customer journey, eliminate upfront costs for MI customers, and result in greater uptake. It also provides opportunity for cost control. The draft plan notes that under the turnkey model, "incentives will be delivered instantly, which will reduce **or** eliminate out-of-pocket costs for participants," (emphasis added). The PAs should clarify that out-of-pocket costs *will be* eliminated for MI customers using the turnkey pathway.

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We are highly supportive of the PAs' proposed community-based approach to enlisting 5+ unit rental properties that are especially strong candidates for efficiency and electrification upgrades.

While we recognize the work that the PAs have put in to develop their proposed approach in the Equity Communities, we feel that the PAs' proposed approach to income verification for these properties does not go far enough in terms of removing barriers to participation. The approach should be changed to more effectively mitigate the barriers to participation associated with income verification. This will

provide a more transparent participation pathway that can be promoted clearly through various communication channels (e.g., MassSave.com, CFPs, MAPC, Mass Landlords) to achieve the spirit of the recommendation and meet production goals. We also understand the need for additional criteria/restrictions (e.g., to exclude luxury properties and prevent increased energy burden and/or rent). There must also be work to ensure that Low Income customers get the full benefit of available comprehensive incentives.

Considerations for removing income verification requirement for enhanced barrier mitigation and electrification incentives for rental properties in 21 Designated Equity Communities *(1-4 and 5+)*

Benefits of eliminating income verification requirement

- Removes major barrier to participation, particularly for NOAH housing
- Removes difficulty for landlords
- Makes programs easier to promote for CFPs, other program partners

Benefits of the income verification requirement

- Budget control
- Easier to integrate federal HEAR funding
    - DOER can expand the use of HEAR funds to include Gateway Cities (many, but not all, are equity communities) for electrical panel upgrades in conjunction with heat pumps and mitigation of knob & tube wiring in conjunction with weatherization. HEAR funds require income verification; self-attestation not allowed.)
- Provides additional assurance that funds are going to customers most in need
    - Note that renters are underserved

Options for mitigating challenges associated with removing income verification (options are not mutually exclusive)

- Test the approach in a smaller number of communities (or a portion of a community based on census block income information and/or by getting input from community officials) and expand to others after 1 year if appropriate
    - Could test in Lawrence using Merrimack Valley funds
    - Note that this approach also sheds light on the extent to which income verification is a barrier to participation.
- Remove income verification in limited circumstances. Below are examples, which are not mutually exclusive:
    - Remove income verification for pre-Wx barriers (includes knob & tube); continue to require it for heat pumps and electrical panel upgrades
    - Remove income verification for buildings of a certain size; continue to require for larger buildings
- Increase the current $5,000/unit offer for 1-4 unit rental properties (current offer does not require income verification)

- Develop ways to exclude “luxury” rental properties. Examples include:
    - Rent/unit
    - Building age
- Allocate a pool of funds for one or more communities, made up of a combination of low income, moderate income and market rate funds based on a percentage of these customer types in the community
- Pursue significant innovation in vendor supported services for the rental property offers
    - Breaking through longstanding challenges to reaching this segment requires real outside of the box thinking and fresh perspectives. We recommend an ambitious nationwide if not international Request for Information (RFI) be issued to seek fresh and new ideas, from diverse perspectives, for outreach and engagement for this segment.