

Small Multifamily Barriers Study

MA21R36-B-MFB

Final Report

Prepared for:

**The Electric and Gas Program
Administrators of Massachusetts**

Part of the Residential Evaluation Program Area

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Executive Summary

While the Massachusetts' Program Administrators (PAs) have had success reaching larger multifamily (MF) buildings, especially public housing, they have historically struggled to engage smaller (less than 20 units), market rate multifamily buildings in their energy efficiency programs. The building types in this market segment are highly varied in how they are owned, managed, operated, and metered, and this variation may lead to unique barriers to participation.

In this study the evaluation team aimed to determine whether small multifamily buildings face different barriers to participation than multifamily buildings in general and, if so, articulate the obstacles that are specific to small multifamily properties to inform future program planning.

Research Themes

The three core research questions that we sought to answer were:

1. **What is preventing smaller multifamily properties from participating in Mass Save?**
2. **Are the barriers to participation for small multifamily properties different than known barriers for multifamily properties in general?**
3. **What potential solutions exist to overcome any small multifamily-specific barriers?**

To discern differences within small multifamily property segments, we distinguished variations in barriers and decision-making between owners, managers, condo owners and renters.

Evaluation Activities



Task 1 | Literature Review

Our team reviewed literature on previously identified barriers preventing multifamily participation in energy efficiency programs in Massachusetts and across the country. We also investigated strategies that other programs have used to address barriers and considered their relevance for smaller properties specifically.



Task 2 & 3 | Participant Surveys (n=80)

Our team surveyed 80 property owners, managers, condo owners, and renters of small multifamily properties that previously participated in Mass Save. The survey focused on understanding why these small multifamily property decision-makers opt to participate in Mass Save and, when relevant, how they mitigated any barriers. Their insights offer a blueprint for how the PAs' can successfully engage other small multifamily customers.



Task 4 | Nonparticipant Interviews (n=31)

To understand why smaller multifamily property contacts are not signing up for Mass Save in the first place, we conducted in-depth interviews with 31 nonparticipating small property contacts. We focused the interviews on program awareness, perceived or realized barriers to participation, and property management priorities.

Findings

Our research revealed that **small multifamily properties largely face the same barriers to participation as larger multifamily properties**. While not fundamentally different, our research highlighted how smaller properties uniquely experience traditional multifamily participation barriers:

- 1. Small multifamily decision-makers are aware of, but do not understand, Mass Save.** Nearly all nonparticipants were largely aware of Mass Save, but most demonstrated a very limited understanding of what the program can do for multifamily buildings and the benefits it could generate for their building, themselves, or their tenants.
- 2. Small multifamily decision-makers cannot find the participation guidance they are looking for.** Particularly, condo owners found navigating the eligibility requirements on MassSave.com to be difficult or confusing. This generally left respondents with the impression that the multifamily program was not applicable to their small condo property.
- 3. Small multifamily nonparticipants find program benefits appealing but not compelling enough to participate.** They shared that, while lowering operating costs and being environmentally responsible seem like great program benefits, the benefits they'd experience (e.g., reduced bills, greater comfort, deferred maintenance) were "too abstract" or uncertain.
- 4. For small multifamily stakeholders, the time and effort required to gain access approval to individual units feels "impossible".** Small properties are more frequently self-managed—meaning less access to more robust tenant communication platforms— which exacerbates the significant amount of time and effort required to coordinate access for an energy assessment.
- 5. Property portfolio managers prioritize their larger properties.** Property managers overseeing a portfolio of properties acknowledged that they tend to prioritize their larger multifamily properties over their smaller ones. They say that managing their smaller properties is more demanding, time-consuming, and complicated than their larger ones, therefore, focusing on the larger properties yields a bigger return on their time investment.
- 6. Small multifamily properties don't fix what isn't broken.** Unless there is an immediate need for an energy-related repair, small multifamily property owners and managers are not prioritizing Mass Save when facing other property-needs and limited capital for improvements. Small property owners, particularly 3 and 4-unit owners, said they handle their own maintenance and "already understand how to save energy".
- 7. Red tape slows down small multifamily property participation, particularly with historic properties.** Property managers noted that many of their smaller properties are in historic areas and are subject to additional red tape (e.g., city or neighborhood approval processes and any other bureaucratic processes) for approving upgrades. Condo board approval can also inhibit participation.

Potential Mitigation Strategies

						
Customize outreach for different types of MF properties	Emphasize concrete savings and non-energy benefits	Clarify participation paths (e.g., on MassSave.com)	Appoint concierge for small properties with complex dynamics	Provide Do-It-Yourself upgrade solutions	Provide historic property case studies	Leverage peer endorsements

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1. Introduction

While the Massachusetts' Program Administrators (PAs) have had success reaching larger multifamily (MF) buildings, especially public housing, they have historically struggled to engage smaller (less than 20 units), market rate multifamily buildings in their efficiency programs. The building types in this market segment are highly varied in how they are owned, managed, operated, and metered, and this variation may lead to unique barriers to participation.

There are many known market barriers that affect multifamily program participation in general. These include but are not limited to:

- Lack of awareness
- Split incentives between landlords and tenants
- Landlords not being motivated to market the program to tenants
- Program activity requiring access to units, which landlords might not want (could reveal code violations or other issues) and/or tenants may find providing access inconvenient or intrusive

While these barriers have been identified for the broader multifamily sector, it remains to be seen whether small multifamily buildings were subject to these same barriers or faced their own unique set of challenges to participation.

To investigate this question, the PAs commissioned the **Small Multifamily Barrier Study**—completed by Guidehouse and Cadeo on behalf of the PAs and Energy Efficiency Advisory Council. Cadeo led this specific study, including all primary data collection, analysis, and reporting.

1.1 Research Questions

As part of this study, our team aimed to **determine whether small multifamily buildings face different barriers to participation than multifamily buildings in general** and, if so, identify, define, and articulate any additional barriers that prevent smaller multifamily properties from participating to inform future program planning.

Specifically, this study sought to answer three core research questions:

1. **What is preventing smaller multifamily properties from participating in Mass Save?**
2. **Are the barriers to participation for small multifamily properties different than known barriers for multifamily properties in general?**
3. **What potential solutions exist to overcome any small multifamily-specific barriers?**

The RCD initiative serves as a single-entry point for all residential customers. As a result, RCD works with a wide range of residential building types, which are classified as detached single family, attached low rise (e.g., duplexes), and multifamily high rise (e.g., multilevel apartment building). Since this study aimed to capture the experiences of multi-unit property decision makers who may straddle the single family-multifamily distinction, we considered “small multifamily” to include residential buildings with 3 to 20 units.

While this study focused specifically on smaller market rate multifamily properties, it is possible—likely even—that some of the identified barriers are also relevant for small multifamily buildings with mixed income or income-eligible customers. However, when considering these barriers in the context of income-eligible buildings, it is important to account for differences in program delivery (via Community Action Agencies) and incentives (no cost) for income-eligible building and customers. The PAs are currently planning for process and impact evaluation of the income-eligible program. That impending study provides a near-term opportunity to examine whether income-eligible multifamily properties face similar or different barriers than their market-rate counterparts.

1.2 About this Report

To answer these research questions, the evaluation team approached the study from two perspectives. First, we examined **secondary evidence** from past multifamily evaluations and research. Second, we gathered customer experiences firsthand through **primary research** (e.g., surveys and interviews) with over a hundred small multifamily decision-makers.

Consistent with this approach, we have organized this report into the following sections, which follows a brief overview of our study methodology:

- **Secondary review findings.** In this section, we summarize our review of existing literature regarding known barriers to multifamily program participation in general and, when available, smaller properties specifically.
- **Primary research findings.** In this section, we discuss how the information we gathered about participation barriers through our surveys and interviews with small multifamily contacts aligned with—or differed from—the known multifamily barriers from our secondary research.

1.3 Respondent Types

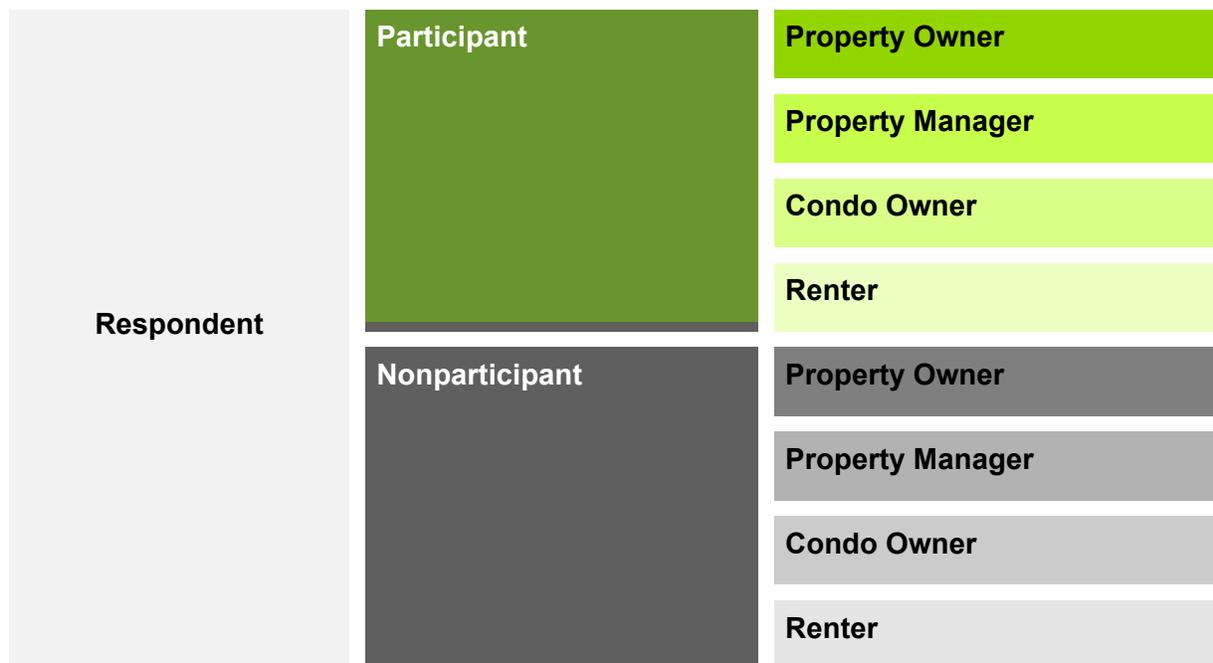
Our aim was to examine participation barriers for smaller multifamily properties from the perspective of key decision-makers, namely **property owners, property managers, condo owners, and renters**. Throughout this report, we use these four terms to refer to these mutually exclusive stakeholder groups who responded to the participant survey and nonparticipant interviews.

In Table 1, we define each respondent type, as well as other important terms we use consistently within this report to distinguish between respondents. Figure 1 illustrates the relationships between these terms visually.

Table 1. Respondent Type Definitions

Term	Brief Description
Stakeholder groups	
Property owner	Owner of all units contained within one or more small multifamily properties. We do not use this term to refer to individual condo owners or condo owners who own multiple units within a property.
Property manager	Third-party Individual or company hired to manage one or more small multifamily properties on behalf of a property owner.
Condo owner	Owner of an individual unit within a condo property. In some instance, this person may own multiple units within a property.
Renter	Tenant currently residing within small multifamily property who rents at least one unit from property owner, property management company, or a condo owner.
Other important terms	
Participant	Customer or representative (property owner, property manager, condo owner or renter) who received an energy assessment at their small multifamily property via Mass Save; may or may not completed additional weatherization or other major measure work following the assessment.
Nonparticipant	Customer or representative (property owner, property manager, condo owner or renter) who has never received an assessment, rebate, or incentive through Mass Save at their small multifamily property and/or unit within that property.
Respondent	Customer or representative (property owner, property manager, condo owner or renter) who respondent to the participant survey or nonparticipant interview as part of this evaluation.

Figure 1. Respondent Type Relationships



2. Methodology

We gathered insights into the barriers that small multifamily properties face by completing the following tasks:

Task 1 | Literature Review

Our team began by reviewing literature regarding the barriers that multifamily properties commonly face to participating in energy efficiency programs. We examined a wide range of sources, including multifamily program evaluations, relevant reports from national energy efficiency organizations and real estate groups, as well as Massachusetts-specific multifamily reports. Our review included programs from all U.S. regions, although we placed an emphasis on programs in Northeast given their applicability to Massachusetts.

We hoped our review would identify barriers, as well as potential solutions, that were specific to smaller multifamily properties. Unfortunately, we found very little information existed that was specific to these properties. However, when reexamining the existing information about general multifamily barriers through the lens of smaller multifamily properties, we were able to uncover interesting insights. We shared the findings of our review with the PAs and Energy Efficiency Advisory Council (EEAC) consultants via memo in August 2021.

Task 2 & 3 | Participant & Assessment Only Survey (n=80)

Next, our team surveyed two types of participating small multifamily property contacts: those associated with properties that completed an energy assessment and recommended upgrades (“Participants”; n=55), and those who only completed the energy assessment (“Assessment-Only”; n=15). For simplicity, we refer to both assessment-only and full participants as “participants” for the remainder of this report.

The web-based survey focused the reasons small multifamily property decision-makers opt to participate in PA programs, obstacles respondents may have overcome to participate in Mass Save, how the PAs can engage other small multifamily property contacts, and the contacts’ property management priorities. Survey respondents represented a variety of multifamily decision-makers including property owners (n=47), condo owners and those who participate on condo boards (n=14), property managers (n=7), renters (n=10), a facility manager (n=1), and a member of a cooperative building (n=1).

Task 4 | Nonparticipant Interviews (n=31)

To understand why small multifamily properties are not participating in the first place, our team interviewed 31 contacts at small multifamily properties around the state that have not participated in a PA energy efficiency program—henceforth referred to as “nonparticipants”.

The interviews focused on property contact’s awareness of Mass Save, reasons they may have opted not to participate, any barriers they encountered to participating, how Mass Save could engage small multifamily properties, and how small property contacts prioritize property management goals. The small multifamily contacts we interviewed included property managers (n=10), property owners (n=7), condo owners and condo association representatives (n=6), renters (n=7), and one person who is a condo owner but also serves as property manager at their building (n=1).

3. Summary of Secondary Findings

The evaluation team searched for information about the barriers to participation for small multifamily buildings but, unsurprisingly, found very little existing literature that focused on the topic. We did find that reassessing the available information with a focus on uncovering potential relevance and nuances for smaller multifamily, yielded helpful insights.

Table 1 summarizes the multifamily participation barriers we identified in Task 1 that are particularly relevant for smaller multifamily properties. We indicate which barriers are relevant to the various multifamily stakeholders that play different roles in the multifamily sector, and therefore have differing decision making and impacts related to participating in energy efficiency programs. (For a full list of the barriers identified in literature please refer to Appendix A.)

In the section following Table 2, we discuss how our findings from surveys and interviews with small multifamily stakeholders align with these classic multifamily participation barriers from our literature review.

Table 2: Small Multifamily-Relevant Barriers Discussed in Literature Review

Classic MF Barrier	Brief Description	Property Owners	Property Managers	Tenants	Condo Owners
Complex decision-making structures	Decisions to implement energy efficiency improvements often require multiple levels of approval and that authority varies for building owners, property managers, building maintenance staff, and residents	☑	☑	☑	☑
Split incentives	A barrier inherent in MF hierarchy that makes encouraging participation challenging—owners of MF buildings make the investment in energy efficiency upgrades but the tenants received energy bill savings; depending on metering— may not be relevant for common area improvements	☑	☑	☑	
Lack of capital, financing, or resources	Energy efficiency improvements may not be high priority compared to other maintenance and/or capital-intensive improvement projects that require time and resources of building owners, managers, and occupants	☑	☑		☑
Program complexity that discourages participation	Multiple factors that make it unclear or difficult to move forward with participating, such as a lack of an easy or clear sign-up process, trouble navigating the internal approval process, as well as program requirements in order to participate, etc.	☑	☑	☑	☑
Uncertainty about savings or benefits	External factors (fluctuating fuel prices, over or under-estimation of savings, and tenant turnover) can cause difficulties for owners/managers to predict the full benefits of program participation	☑	☑	☑	☑
Lack of program awareness	The diversity of the multifamily market can be challenging for marketing and outreach efforts; therefore, some potential participants may not be aware of program offerings/opportunities	☑	☑	☑	☑

4. Primary Research Findings

The core objective of this study was to understand the barriers that prevent small multifamily properties from participating in Mass Save programming, and secondarily to investigate if and how these barriers differ from the known barriers that multifamily energy efficiency programs experience at large.

Overall, our research revealed that **small multifamily properties largely face the same barriers to participation as multifamily properties in general** (e.g., lack of awareness, split incentives, or program complexities that make participating difficult).

While this finding may feel a little anti-climactic given the PAs' relative difficulty engaging small multifamily buildings, it is critical to confirm that small multifamily properties are not subject to a fundamentally different set of participation barriers.

We did find that the highly variable landscape of the small multifamily sector (i.e., wide variation in property size, age, ownership, management, and occupant characteristics) means that small multifamily buildings experience these classic multifamily barriers a little differently. In fact, their diversity tends to exacerbate the difficulty of overcoming the known barriers that are hallmarks of multifamily programs.

In this section, we highlight the key small property-specific nuances—often driven by property ownership, management, or occupancy structure—associated with 8 classic multifamily barriers.

4.1 Lack of Awareness

Overcoming customers' lack of awareness is a critical barrier for any energy efficiency program. Minimizing this barrier has proven to be especially difficult for multifamily programs where the decision makers are harder to reach (e.g., property managers, owners), and decision-making processes can be complicated. Our research suggests that these complexities are exacerbated for small multifamily properties.

Small multifamily decision-makers are aware of, but do not understand, Mass Save

Encouragingly, most of the nonparticipating small multifamily property contacts we interviewed were aware of Mass Save. In fact, only 5 people out of the 31 contacts we interviewed had never heard of Mass Save.

However, when we asked contacts to tell us what they knew about what Mass Save could do for multifamily properties like theirs, most had little to say. In general, the nonparticipating small multifamily property contacts demonstrated a very limited understanding of what the program does, how it works, and the benefits it could generate for their building, themselves, or their tenants.

Specifically, we found:

- **Property managers who participated previously** were the only group that emphasized the property-wide, comprehensive no-cost assessment. Conversely, when asked to describe their understanding of Mass Save, **nonparticipant stakeholders tended to focus their description on equipment-specific rebates and incentives**. In fact, without understanding that a comprehensive energy assessment was a

fundamental aspect of Mass Save’s multifamily offer, several nonparticipants ironically shared that what they really wanted was “an expert” to examine their property, teach them how they could improve energy efficiency, and offer specialized advice for their property. For example, condo owners expressed they don’t always know exactly what they need and would appreciate a knowledgeable person to help them weigh the pros and cons of building-specific upgrades.

- **Nonparticipating small property owners and condo owners** often commented that they were **not aware that Mass Save services were available for multifamily properties** like theirs. Multiple condo owners shared that they tried to participate in the distant past (approximately 10 years ago) but, at the time, were unable to find options for multifamily residences and consequently ruled out Mass Save indefinitely as applicable for their property. Many noted they had not considered returning to MassSave.com to see if services had expanded.
- **Condo owner and renters** insisted that “**the program isn’t for them**”. Most had heard about Mass Save through friends and family that participated in the single-family program and assumed that the program didn’t apply to their multifamily living situation. Several condo owners shared that they had investigated participating but the information they found online did not seem applicable to their property’s situation and therefore ruled out participating in Mass Save. We heard several versions of the same refrain: “it didn’t seem like it was for me”. Renters often shared that they were aware of the single-family program and tucked away their interest in participating until they owned their own home. When asked, most renters said that initiating contact with their landlord for the purpose of signing up for the Mass Save multifamily program had not occurred to them. Renters were clear that—when it comes to property improvement decisions—they were not used to having, or expecting, a seat at the table.

POTENTIAL SOLUTIONS

Many nonparticipating small multifamily contacts acknowledged that reaching them—and others like them—is a challenge. A few suggested ways to best reach small multifamily decision-makers such as themselves:



Customized outreach. Both participants and nonparticipants expressed a preference for direct or customized outreach approaches. When participants (see Figure 2) and nonparticipants were asked about the best ways to engage small multifamily properties, they specifically mentioned *door-to-door outreach* and *marketing materials tailored for condo owners and renters*. For example, a few respondents thought that materials for condo owners needed more explicit information about condo participation avenues. They specifically suggested that marketing language clearly differentiated between the different relevant paths to participation (i.e., as an individual condo owner or as an entire condo association). Other respondents thought door-to-door campaigning or hearing about Mass Save through appliance repair professionals would be helpful, especially for property managers.

Property managers and owners may also be reached through local chapters of property management or real estate professional organizations (e.g., Institute of Real Estate Management¹ or Massachusetts Apartment Association).² Both participant and nonparticipant property managers mentioned meeting other small property owner and managers at professional organizations. While the PAs currently make efforts to engage multifamily professional organizations by attending conferences and networking events, the PAs may benefit from exploring additional communication pathways with these and other similar local associations with small multifamily members. For example, the Boston Chapter of the Institute of Real Estate Management (IREM), which serves residential and commercial real estate sectors, offers a “Friends of IREM®” partnership program that allows companies access to networking events, membership lists, and advertising opportunities. It is possible these groups could offer the PAs a centralized communication pathway to promote the program to this notoriously decentralized portion of the multifamily segment. These groups may also serve as places to develop and/or test ways to leverage professional networks, such as a referral program that incentivizes property managers to refer other property managers or owners to Mass Save.

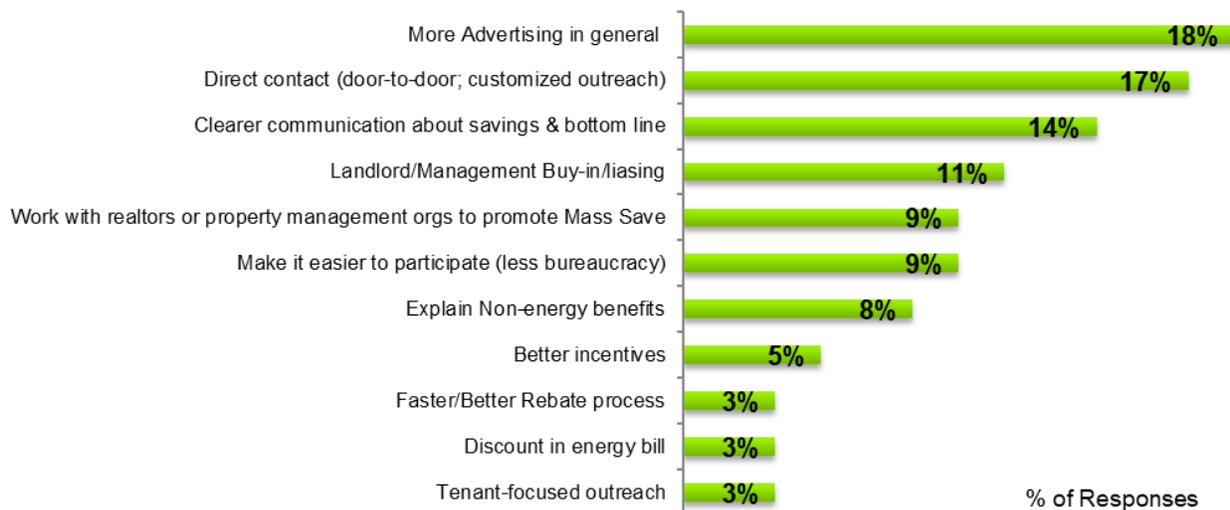
It is important to note that interviewees frequently struggled to come up with specific strategies to engage small property owners and managers like themselves. Often, they started by acknowledging the difficulty and empathizing with the PAs’ challenge. When asked how Mass Save could reach small properties, one interviewee responded “Oh, good question. I don’t know... I see that as a tough point for Mass Save,” underscoring this sentiment. While interviewees were unable to inform a clear strategy for engaging other small properties, their feedback reinforces the potential solution of capitalizing on more centralized communication pathways where possible—such as through professional organizations.

¹ <https://www.irem.org/>

² <https://www.gbreb.com/MAA/>

Figure 2. Best ways to engage other small multifamily contacts, according to participants

(Coded from qualitative responses; 55 respondents, 65 responses)³



4.2 Uncertainty about savings or benefits

One of the barriers that emerged in literature discussed multifamily stakeholders’ hesitancy to participate due to a lack of information about the impact of promised savings or benefits.

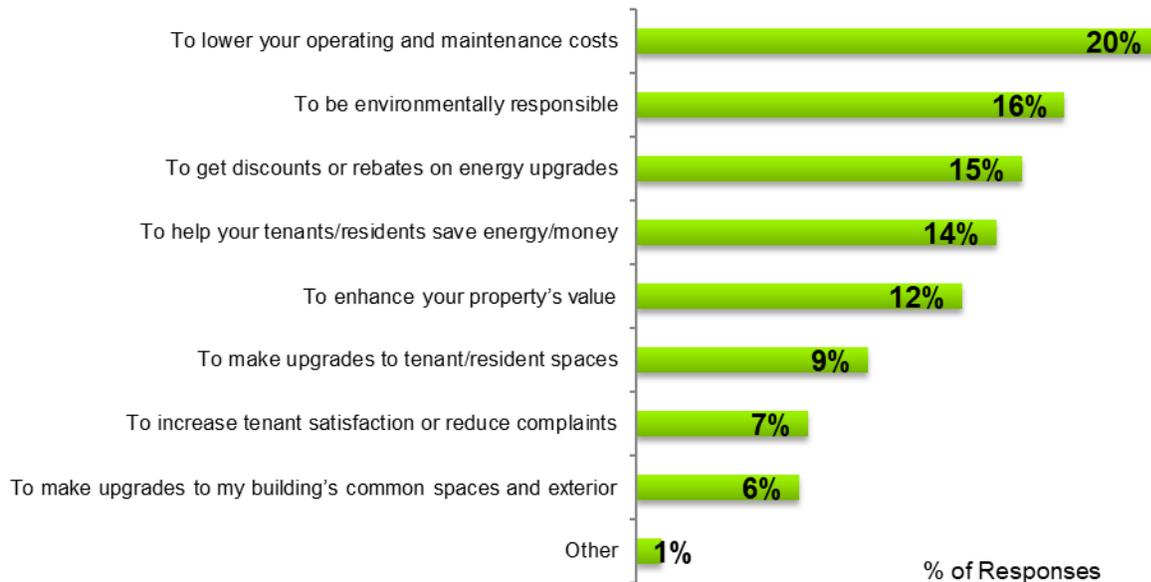
Small multifamily nonparticipants find program benefits appealing but not compelling enough to participate.

Participants told us that they see saving money on their energy costs and helping the environment as the main benefits of participating in Mass Save (Figure 3).

However, both participants and nonparticipants shared that while these benefits are appealing in theory, they were skeptical about how “**real**” the benefits are (i.e., how much they would really save on energy bills).

³ The data visualized in Figure 2 is from open-ended question asking participants they best way to engage other small multifamily contacts. We coded the data into themes; responses may be coded into more than one theme similar to a multiple response survey question. The responses were analyzed by calculating the percent of responses (the number of comments coded into a given theme divided by the total number of responses for all themes).

Figure 3. Reasons Participants sign up for Mass Save
(Multiple Response; 80 respondents; 305 responses)⁴



We found:

- Property owners** didn't find improving their property value to be a compelling benefit of participation. These nonparticipants cited the rapidly increasing value of properties, especially in or around Boston. They noted the natural appreciation they expected their property to experience—even if they did not make any upgrades at all—would far outpace any increased value resulting from participation. In short, **the program, in the long term, was not going to move the needle for them financially.**

"It seems that most often all that is offered is new light bulbs in the end."
- Participant

Furthermore, almost all participants and nonparticipants we talked to expressed an interest in the environmental benefits of Mass Save. However, these stated interests don't always materialize into action. Many property owners admitted they deprioritize environmentally friendly upgrades when they determine it adversely impacts on their bottom line. This business-oriented mindset was best reflected in one manager's

⁴ The survey data visualized in Figure 3 (and subsequent figures in the report) are from closed-ended multiple response survey questions. It is possible to analyze data from these types of questions in two primary ways: (1) by calculating the **percent of respondents**—in this format the count for a particular answer option is divided by the number of *people* who answered the question, and because respondents can select multiple answers to the question, inflating the numerator, the sum of the answer option percents can exceed 100%, or (2) by calculating the **percent of responses**—in this format the count for a particular answer option is divided by the total count of answers collected for a question across all options and gives a more straightforward view of the frequency with which certain answer categories were selected regardless of the number of people who made selections. We report the latter format – the percent of responses – from multiple response questions within this document.

comment: “when [owners] hear environmentally friendly, [they] will often think it costs more money.”

- **Renters** also feel disconnected from program benefits. Nonparticipating renters shared that they would appreciate lowering their energy bills, but **that potential benefits of the program feel “abstract”** to them. They cited a desire for a more concrete understanding of what participating in Mass Save would mean for their energy bills. Ultimately, while generally interested in participating, they felt asking their landlords to participate is “not their place,” especially when the benefits of participating are not clear and tangible. One renter underscored this sentiment, saying that they would change their mind about working with their landlord if the benefits were more impactful (e.g., concrete changes to energy bill, environment, energy savings), but at this time, the benefits felt “murky”.

“I am not connected to the benefits of Mass Save, they are too abstract.”

- Non-Participating Renter

POTENTIAL SOLUTIONS

It is difficult to predict what benefits will resonate with a given multifamily stakeholder. However, our surveys and interviews made it clear that tethering benefits to tangible, measurable impact is a promising underlying strategy.



Emphasize concrete benefits (e.g., energy saving information on energy bills). Participants and nonparticipants alike expressed interest in learning more specific examples of program benefits, including both energy and non-energy benefits. For example, nonparticipants would like more relatable and actionable data on their property’s energy use and the improvements they should expect from participating. Outside of energy benefits, customers want to know how non-energy benefits play out in real life. One property owner commented that the main operating cost of their property is their insurance premiums. They wondered aloud whether newer, more efficient equipment could lower their insurance costs, which would be a very compelling reason for them to participate. PAs may consider communicating concrete benefits by providing:

- Case studies highlighting the actual and specific participation benefits experienced by a similar type of property or ownership/occupant scenarios,
- An interactive dashboard where prospective participants can view, side-by-side, the energy and non-energy savings typically experienced by similar property, or
- Alternative personalized communications (e.g., ads on customer energy bills describing their potential savings if they participate in Mass Save).

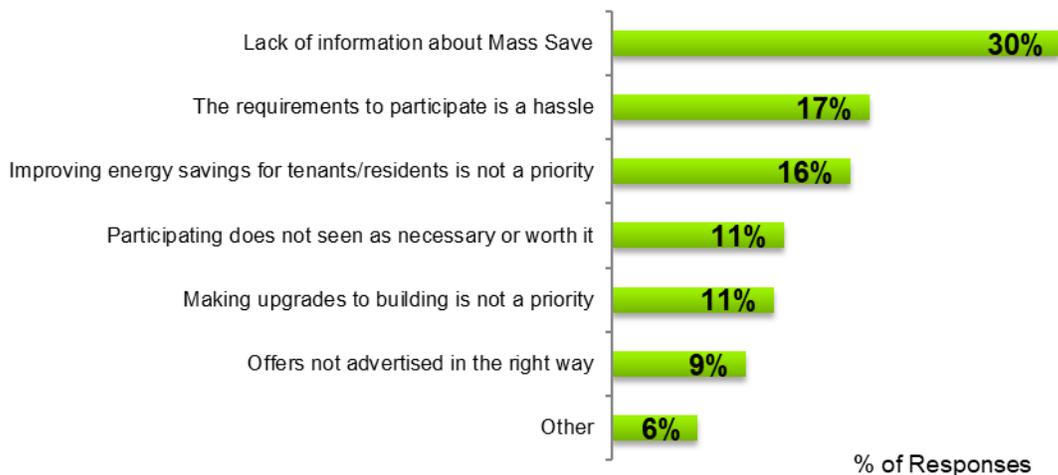
4.3 Program complexity discourages participation

Due to the variety of building structures and layered nature of multifamily property decision-making, it is not surprising that finding the correct participation pathway is a classic barrier to multifamily participation—and a major one for small multifamily in particular.

Small multifamily decision-makers cannot find the participation guidance they are looking for

- Nonparticipating small multifamily property** contacts described the challenges that have kept them from participating, while past participants shared how they navigated the process. For example, the top concerns reported by respondents were inaccessible information on how to participate for different kinds of multifamily stakeholders (e.g., condo properties) and confusing or overlapping program requirements with single family programs. As shown in Figure 4, these complexities made participating difficult even for those program participants who successfully accessed Mass Save.

Figure 4. Participant perceptions of why small multifamily properties opt not to participate in Mass Save
 (Multiple response; 80 respondents; 157 responses)



- Condo owners** reported frustration with the lack of clear information about program requirements for smaller properties. Both participating and nonparticipating condo owners said they were **unsure of how the program worked for condos**. Many found it difficult to understand the eligibility descriptions and determine whether their condo property should be in the single vs. multifamily programs. This was one of the primary reasons the PAs pivoted to the Residential Coordinated Delivery (RCD) model as part of the last three-year cycle, which the PAs designed as a single point of entry for all residential customers. Despite these intentions, nonparticipating condo owners who recently investigated participating in Mass Save, reported finding navigating the eligibility requirements on MassSave.com to be difficult or confusing. The

“There is no clear documentation as to what the program covers.”
 - Participating Condo Owner

experience generally left respondents with the impression that Mass Save programs were not applicable to their small condo property.

- Three- and Four-unit properties** who investigated participating were often misinformed about which program they qualified for (single family or multifamily programs). One 3- to 4-unit property owner recalled, “I believe that because the building has 4 different units including a basement, I don't qualify individually.” Confusion and frustration related to program requirements is a key pitfall for small multifamily. Multiple 3- and 4- unit nonparticipating respondents described scenarios in which they tried to investigate participating in Mass Save’s multifamily program only to be “turned away” or being told they would be referred to another “team member” but there was no follow-through.

“Continuity is key. If there is a consistent contact person that would be great...They would have a comprehensive understanding of services offered from Mass Save.”

- Nonparticipating Property Owner

POTENTIAL SOLUTIONS

Solutions that reinforce unambiguous avenues to participation was one of the most called for improvements to the multifamily program.



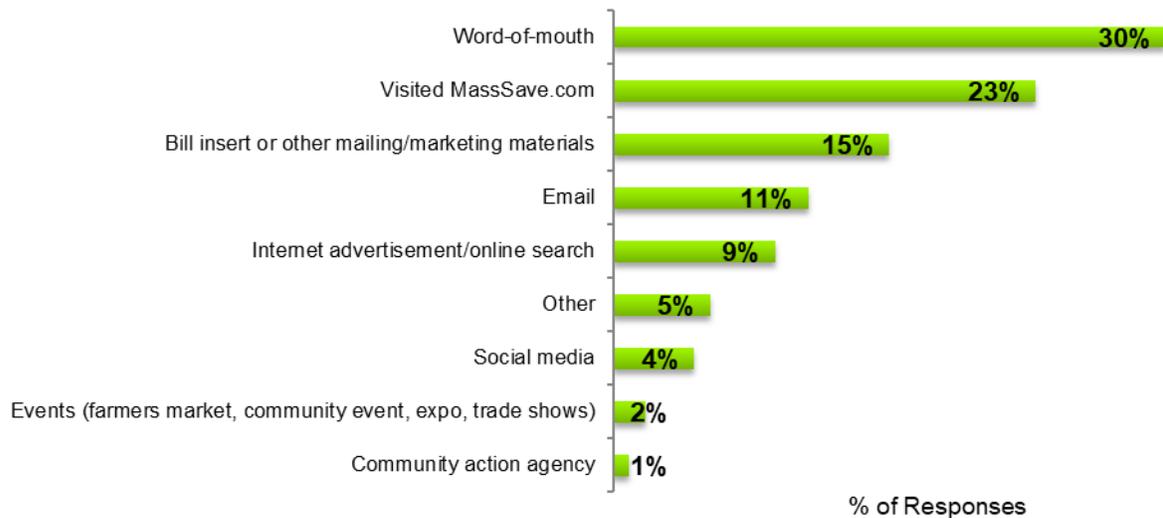
Create a concierge service for all multifamily properties. Drawing customer attention to Mass Save is one thing, but guiding them through the enrollment, assessment, and, ideally, installation process is another hurdle entirely. Providing curious small multifamily decision-makers with access to an expert about how the program works earlier in the process could avoid confusion and increase the likelihood the customer actual participates. It is important to note that the PAs used a similar system in the past where multifamily customers could contact a centralized team—a Multifamily Market Integrator (MMI) team—which would determine eligibility and connect them to residential and commercial program offers. While the PAs have shifted away from the MMI toward a more direct interaction with multifamily customers, a model with a similar concept may be worth revisiting with a small property lens. The responses from our survey and interviews suggest that having some sort of “connective” functionality for small or complex multifamily properties may still be a welcome program feature. Condos may especially need this service since condos are often self-managed. According to interviewees, warm hand-offs or a single point of contact for questions could go a long way in helping them participate.



Revise MassSave.com to direct multifamily property stakeholders into the appropriate participation stream. According to participants, visiting MassSave.com is the second most frequent way they heard about the program followed by word-of-mouth (see Figure 5). Consulting with an information architect and/or conducting user experience research that studies how different small multifamily property stakeholders interact with MassSave.com could result in key adjustments to Mass Save’s interface and help small multifamily customers successfully sign up for energy

assessments. Particularly, explicit guidance for condos is the main information gap on MassSave.com that small multifamily stakeholders named and may be a good place to start when updating online resources. Further, added features like a chat function via MassSave.com may be a way customers could quickly access advice and get help navigating to site and successfully enter the appropriate participation stream.

Figure 5. How participants heard about Mass Save
(Multiple Response; 80 Respondents; 113 Responses)



For small multifamily stakeholders, the time and effort required to gain access approval to individual units feels “impossible”

Coordinating property energy assessments requires a significant amount of time and effort on behalf of small property managers and owners.

- Even participating property managers and owners** frequently described that the time commitment for participating in an energy assessment is difficult to justify. Some buildings require a 30-day notice for any in-unit work which slows the process considerably. To complicate matters, many small multifamily properties are investment properties where the owner lives out of state (or even internationally), which makes approval and scheduling access to units exponentially difficult. Additionally, communication within smaller multifamily properties, particularly independently managed properties, tends to be less frequent or decentralized. For example, one condo association representative explained that their condo property used to have a management company but, after a few years, went back to being self-managed. While being self-managed generally works for them,

“The benefits of mass save assessment do not exceed the time, cost and work burden of property owner/ manager.”

- Participating Property Owner

the interviewee acknowledged they now have a harder time communicating within the condo association. This lack of a designated property manager or central “command center” (many larger buildings have their own website for tracking maintenance requests or communicating unit access) for coordinating access to units for something like an energy assessment makes participation more difficult for smaller properties.

POTENTIAL SOLUTIONS

We did not find evidence as part of this study to address this barrier. The time and effort that property managers and owners face coordinating among their units to accomplish any property change or upgrade is systemic for multifamily operations and an extremely difficult barrier for PAs to address programmatically.

4.4 Lack of capital, financing, or resources

Another common multifamily barrier is the de-prioritization of proactive energy-focused upgrades in the face of competing, more urgent capital improvements. Based on our interviews and surveys, it appears this barrier is more pronounced for smaller multifamily properties. This is because smaller properties are more likely to be independently owned or managed, which can mean less access to capital.

Small property managers and owners generally don’t fix what isn’t broken.

- Unless there is an immediate need for energy upgrades, **small multifamily managers and owners** said it is hard to prioritize participating and proactively making large-scale energy improvements. Several nonparticipants reported looking into Mass Save incentives for specific needs (i.e., discounts on a replacement appliance or heating system) but decided that other services, such as **the energy assessment, either wasn’t needed or a financial priority for them.**

In support of this logic, small property managers and owners often acknowledged that their budgets for capital upgrades are often tight and, as a result, they handle their own maintenance and focus on immediate needs. They also shared that, because they maintain and make smaller upgrades to their property themselves, that they feel like they “already understand how to save energy” and do not think they need Mass Save to identify efficiency opportunities.

- **Property owners** indicated they do not look beyond immediate needs of their small properties and make investments, like participating in Mass Save, that produce long-term benefits such as greater tenant comfort, reduced turnover, and improved property value. Surveyed renters described that their landlords are very frugal and won’t fix or invest in updating anything that isn’t completely broken. In addition to the lack of incentive, there may be little bandwidth to consider participating in programs like Mass Save. Property owners and landlords find it hard to invest in something like Mass Save when they are concerned with immediate turnover and keeping units occupied, concerns about revealing code violations if they were to participate, and any upfront costs— even if participating in Mass Save may assist with some of these concerns in the long run.

- **Renters** commented that they are hesitant to reach out to their landlord about ways to improve efficiency because they fear unintended consequences of suggesting programs (e.g., concerns that landlord will increase rent if the property is more efficient), their landlord doesn't seem to care unless there is a significant problem (appliance failure), or they simply don't have a relationship where they feel comfortable talking about offers like this – renters don't want to rock the boat.

POTENTIAL SOLUTIONS

This barrier is difficult to address if a property is not making decisions proactively and looking for cost-effective opportunities to improve their energy efficiency. However, there may be solutions that work well for owners that handle improvements to and maintenance of their buildings themselves:



Provide DIY options. We clearly heard that many small property decision makers are working with a limit budget and often employ “do-it-yourself” solutions. Mass Save may offer easy step-by-step guides paired with product discounts or rebates that help customers affordably upgrade their own properties, with some (minimized) reporting requirement. For example, the PAs could offer customers discounts on insulation that comes with recommended “how-to” instruction kits to install and weatherize their properties themselves.

Property portfolio managers prioritize their larger properties.

Even when small multifamily buildings are managed by a professional property management firm, we heard those managers tend to focus more of their time and resources on their larger properties.

Several nonparticipants discussed how small properties may be overlooked or deprioritized.

- **Property managers who manage both small and large properties** discussed their tendency to prioritize their largest properties. Property managers admitted that they can't be everywhere at once and noticing energy efficiency opportunities across properties spread throughout a geographic area is challenging. Further, these managers noted that while larger properties, by virtue of their size, always have a higher volume of issues, **working the smaller properties can be more tedious**. By prioritizing larger properties, managers focus their effort rather than be spread thin between multiple small properties, which has the unfortunate byproduct of disadvantaging smaller properties when it comes to noticing needs and identifying opportunities like Mass Save.

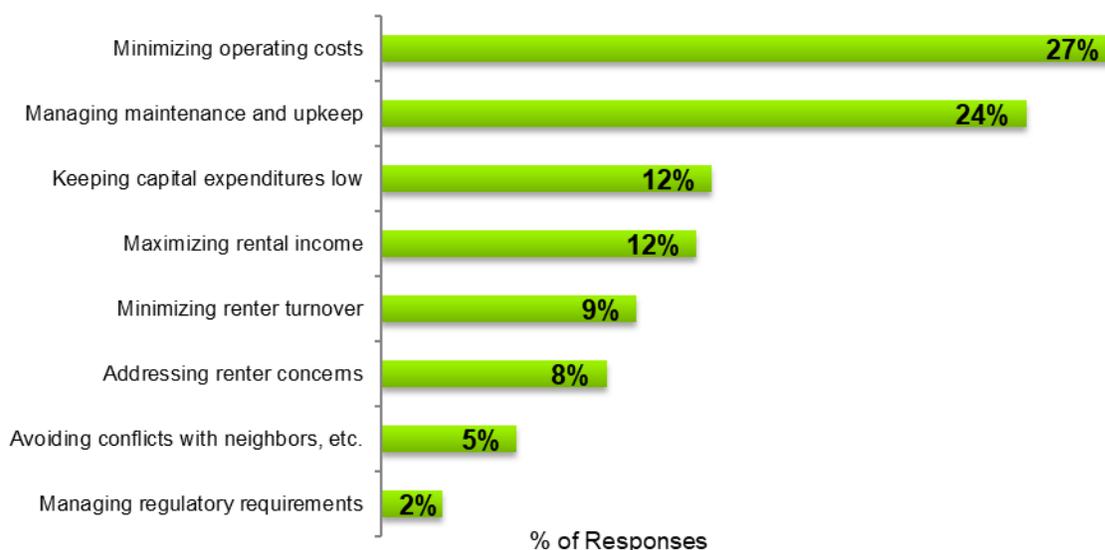
“Bigger properties have bigger issues, but smaller properties are more demanding.”

- Nonparticipating Property Manager

POTENTIAL SOLUTIONS

We did not find evidence as part of this study to address this barrier. Similar to barriers related to time and effort required by property managers to participate in Mass Save, it is difficult for PAs' to design programmatic changes that would intervene with how managers prioritize their properties.

Figure 6. Participant small property contact management priorities
(Multiple Response; 80 Respondents; 180 Responses)



4.5 Complex decision-making structures

Making the decision to sign up a property for Mass Save can be a massive undertaking with multifamily properties, particularly when navigating various approval processes that slow down progress. Small properties are not spared from these bureaucratic complications.

Red tape slows down small multifamily property participation, particularly with historic properties.

Different properties have different bureaucratic hurdles or processes for approving participation in something like Mass Save (a.k.a., “red tape”). One property manager that oversees a portfolio of multifamily buildings noted that their larger properties are typically more onboard with approving a free property energy assessment, while their smaller multifamily properties have a tendency to micromanage any changes.

- **Condo board** approval is a significant obstacle for many nonparticipating condo respondents. According to interviewees, some boards are just not interested in something like Mass Save because the effort of determining how building level

incentives for upgrades would be handled for the various owners can be difficult to navigate. One condo trustee described a scenario highlighting issues related to condo owner fairness. They expressed concern that unit owners who recently paid out of pocket for their energy efficient upgrades may become disgruntled with others in the building who received discounted upgrades if the condo board approved participating in Mass Save.

- **Small historic properties** may be subject to bureaucratic processes and requirements around energy efficient upgrades for historical homes or buildings in certain historical areas. One property owner noted that smaller properties tend to be older and more likely to be subject to historical requirements. For example, one nonparticipating property owner shared that one of their buildings is controlled by their city's architectural commission, which has resulted in roadblocks in the past when they wanted to make improvements. According to another nonparticipating property manager, their smaller properties often still have original or historically accurate features that they enjoy and want to keep. For example, the residents at one of their properties enjoy the antique lighting fixtures in their building and are afraid that participating in Mass Save would change one of the features that their tenants love.

“There are a lot of things that we could do energy efficiency-wise but can’t because of the historical facade components...The red tape makes it very difficult to get things done..”

- Nonparticipating Property Manager

POTENTIAL SOLUTIONS

While it is impractical to develop a comprehensive strategy to mitigate the myriad bureaucratic processes that properties may encounter, Mass Save may yet be able to provide guidance – as well as evidence that participation is possible.



Create a historic property-specific case study. Case studies, which we also mentioned as a potential solution to a different barrier earlier in the report, could also provide guidance and inspiration by documenting examples of participants that successfully navigated historic preservation requirements. Having positive examples that illustrate how other properties overcame hurdles (e.g., coordinating approval from a historic association board) could offer a blueprint, as well as hope, for other small multifamily properties.

4.6 Split Incentives

One of the most cited known barriers to multifamily participation in buildings of all size is split incentives where one entity pays for the efficiency improvement (usually the property owner) while another entity realizes the monetary energy savings that result from the improvement (usually the tenant).

Split-incentives persist for small property owners, managers, and tenants.

Split-incentives prove to be a difficult challenge even for smaller properties. We found that:

- **Property managers**, by virtue of not paying for or realizing the savings from Mass Save, are generally ambivalent toward the program. While they are supportive of when their clients (property owners) want to participate, they don't see the benefits for themselves—only for owners and tenants. A smaller faction of property managers see Mass Save as a free service that, through incentives, can underwrite important capital improvements to the buildings they manage. These managers view the program as a net positive for tenants and owners alike and, from a more personal perspective, believe that championing the program is an opportunity for them to provide better customer service to their clients and engender tenant satisfaction. Several property managers mentioned that Mass Save should directly engage property management companies to promote the program.

POTENTIAL SOLUTIONS

Property managers suggested peer endorsements as a way to potentially gain property manager buy-in.



If not already present in current program strategies, engage small property managers to champion Mass Save to their clients (property owners). Gaining property manager buy-in to help promote Mass Save multifamily offers may not be a novel solution. However, the fact that so many interviewees brought it up reinforces the value of the approach and suggests the PAs should focus even more on leveraging existing relationships with property management organizations, as well as identifying new ones. For example, an interviewee suggested that the PAs partner with condo association property management companies associated with the New England chapter of the Community Associations Institute (CAINE).⁵ One such opportunity would be to participate in the annual condo conference and expo event that CAINE organizes every year in October. This solution dovetails with the previous suggestion to customize outreach for key small multifamily contacts. While attending conferences and property management events is one of the strategies the PAs have used in the past, the PAs may adapt this strategy to specifically target smaller property-related groups like CAINE.

Further, PAs may recruit Mass Save property manager champions from those who manage properties that previously participated in Mass Save and offer incentives for referring other small properties in their portfolio, network, or geographic area. Multiple property managers we interviewed mentioned that they know other small property managers within their internal networks either within own their firms or through working in the field over their career. Leveraging these existing networks through peer endorsements or incentivizing property managers who refer other colleagues to Mass Save may be another way to gain small property participation. When pressed for more

⁵ <https://www.caine.org/>

details on these strategies, interviewees struggled to share specifics on exactly how the PAs could engage property management peers, but felt strongly that some strategy based on a peer-endorsement concept could be successful.

Appendix A. Multifamily Barriers Discussed in Literature Review

The table below summarizes the multifamily participation barriers we identified in Task 1 and how relevant the barriers are for different ownership, management and occupant types. We organized the barriers into three categories based on terminology commonly used as part of energy program potential studies:

- Technical:** Barriers related to technical aspects of multifamily program participation (e.g., the equipment does not exist to improve the efficiency of a given situation).
- Economic:** Barriers associated with costs incurred to participate in the multifamily program, including any upgrades as part of the program.
- Achievable:** Regulatory, behavioral, or programmatic market barriers that prevent customer from participating in the multifamily program even with cost-effective opportunities exist to improve the efficiency of their property.

Table A-1: Multifamily Barriers Discussed in Literature Review

Classic MF Barrier	Brief Description	Property Owners	Property Managers	Tenants	Unit Owners
TECHNICAL BARRIERS					
Language	English may not be the first language for property managers, building owners, or tenants, hence customers may not have a clear understanding of program savings/offers if program materials and support are not provided in multiple languages	✓	✓	✓	✓
Complex decision-making structures	Decisions to implement energy efficiency improvements often require multiple levels of approval and that authority varies for building owners, property managers, building maintenance staff, and residents	✓	✓	✓	✓
ECONOMIC BARRIERS					
Split incentives	A barrier inherent in MF hierarchy that makes encouraging participation challenging—owners of MF buildings make the investment in energy efficiency upgrades, but the tenants received energy bill savings; depending on metering, may not be relevant for common area improvements	✓	✓	✓	

Classic MF Barrier	Brief Description	Property Owners	Property Managers	Tenants	Unit Owners
Lack of capital, financing, or resources	Energy efficiency improvements may not be high priority compared to other maintenance and/or capital-intensive improvement projects that require time and resources of building owners, managers, and occupants	☑	☑		☑
Market saturation	Savings can be more costly and time consuming for multifamily programs that already serve most eligible customers for large scale MF programs	☑		☑	☑
ACHIEVABLE BARRIERS					
Program complexity that discourages participation	Multiple factors that make it unclear or difficult to move forward with participating, such as a lack of an easy or clear sign-up process, trouble navigating internal approval process as well as program requirements in order to participate, etc.	☑	☑	☑	☑
Uncertainty about savings or benefits	External factors (fluctuating fuel prices, over or under-estimate of savings, and tenant turnover) can cause difficulties for owners/managers to predict the full benefits of program participation	☑	☑	☑	☑
Lack of program awareness	The diversity of the multifamily market can be challenging for marketing and outreach efforts; therefore, some potential participants may not be aware of program offerings/opportunities	☑	☑	☑	☑
Confusion from overlapping programs	Multiple MF utility programs can make it difficult for customers to understand which program they qualify for and determine the best program to sign up for	☑	☑	☑	☑

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