

Reaching Landlords/Tenants for Deeper Energy Savings

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Background

- Rental property has historically been a “hard to reach” market (non-low income retrofit program)
- Large opportunity for achieving substantial energy savings in 1-4 family rental market (many buildings over 50 years old with few EE measures installed).
- Approximately 500,000 rental units in 1-4 family buildings in MA

GCA/Council Objective: Deeper, whole-house energy savings

- Two primary market actors to target: Tenants and Landlords
- A tenant-only approach is good for overall awareness but results in shallow energy savings (limited savings opportunities in individual units)
- Whole-house energy treatments to achieve deeper savings on rental properties requires getting landlords to participate

Activity to Address better Reaching this important market segment

- Residential Management Committee (RMC) has prepared a working draft 'Action Plan to Increase Landlord Participation', and...
 - On-bill Repayment (OBR) group has been focused on developing landlord-centered finance/repayment options; also considering subsidy as well as finance
 - Equity Committee focused on properties with tenants above 60% of median income
 - City of Boston is developing pilot to better reach rental properties
 - Other discussions

Barriers to Landlord participation

Awareness

Hassle Factor

**Concern
about Code
Violations**

Finances

Awareness

- 46% of landlords are not aware of the program (2007 NMR Landlord survey)
- “Knowledge of energy efficiency among landlords remains low.” (2005 NMR Landlord focus group report)
- “...prior awareness of and participation in MassSAVE increased landlord likelihood to participate again in the future.”
- “Large landlords are difficult to reach, although they also express significantly higher levels of interest in participating (than small landlords).”

Hassle Factor

- “It’s just one more thing to do in terms of arranging for a contractor, getting bids, having disruptions from the tenants. And we’re probably all...pretty well overstressed with other pieces of our jobs, and sometimes it (energy efficiency improvements) doesn’t make it to the top of our lists.” (2005 NMR Landlord focus groups)
- Need to make the process clear and simple to drive landlord participation.

Concern about Code Violations

- “Adhering to building codes” is rated as one of the most important decision factors (affecting installation of EE improvements)
- Small landlords who live in one of their own rental buildings are less likely to have participated in the program, possibly because they are aware of code violations in their building (2007 NMR Landlord survey)

Finances

1. Costs
2. Return on Investment (ROI)
3. Tax Policy

“Nearly all of the tenants pay their electricity and heating bills. Therefore, landlords may not be aware of how much their tenants are paying for energy, and the landlord would not experience direct benefits from making the energy efficiency improvements.”

(2007 NMR Landlord survey)

'Action Plan' Recommendations

1. Intensive Outreach Campaign

- Develop a Landlord marketing piece
- GreaterMedia radio spot for Landlords
- Articles in Landlord Association newsletters
- Establish Landlord page on www.masssave.com

2. Landlord Customer Care

- Add an extension for Landlords on 800 line

3. Offer they can't refuse

- Ad Hoc group/Mid course adjustment

Going Forward Plan

- PAs to follow through on agreed upon action items
- RMC to update working draft of 'Landlord Action Plan' to fold in findings and input from other working groups and interested participants (e.g. 1. Need to stratify landlords – tailor approach to most effectively reach different landlord subgroups, 2. Legal aspects)
- Res Retrofit Ad Hoc group to provide additional direction on program design modifications needed to successfully reach landlords and achieve deep savings