



Testimony in Support of S. 1653, *An Act Relative to Energy Efficiency in Affordable Housing*

Submitted By:

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Dear Chairman Downing, Chairman Keenan, and Members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill 1653, sponsored by Senator Sal DiDomenico and more generally, for the opportunity to speak more generally about the need to increase energy efficiency in multifamily affordable rental housing.

Our members support making affordable housing more energy efficient, both because it is environmentally responsible and because it reduces the housing costs of renters or homeowners. The average ratepayer pays \$99 per month for electricity plus tremendous heating costs that vary by type¹. Heat and utilities are a significant percentage of the cost of housing for both homeowners and renters. By reducing the cost of heat and utilities through enhanced efficiency, the Commonwealth can help make housing more affordable for renters and homeowners, and preserve the environment.

Several state and federal initiatives have helped defray the costs of updating single family homes to improve efficiency. However, the Commonwealth lacks sufficient funding sources for energy efficiency upgrades for new or existing multifamily rental housing. This is in spite of the fact that 42% of the Commonwealth's housing units are in multifamily developments² and the Commonwealth has a portfolio of more than 95,000 units of subsidized privately owned affordable housing³. Furthermore, homeowners have a greater ability to absorb the costs of energy efficiency improvements than renters because they have higher incomes. According to the American Community Survey, homeowner median household income is \$83,915 per year and renter median household income is \$34,959.

The LEAN Multifamily Program is the state's major multifamily affordable housing energy efficiency program, yet it receives just \$8.4 million per year, a fraction of funding capture through RGGI payments and utility rate tariffs. Furthermore, only nonprofit affordable housing owners can apply. That means only 14% of the affordable rental housing inventory is able to access the funds.

¹ 17.85¢/ kWh for electricity at an ave. of 557 kWh/month. http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=MA

² American Community Survey 2007 housing units. <http://factfinder.census.gov/>

³ P. 18, Affordable Housing Guidebook for Massachusetts, Citizens' Housing and Planning Association, July 2008

Even still, the program is significantly oversubscribed – there are \$17 million worth of pending applications.

To determine how to address the need to make housing more efficient, CHAPA convened non-profit developers, for-profit developers, architects, affordable housing lenders, regional planning agencies and other stakeholders to determine what is necessary to meet energy efficiency needs on new and existing affordable rental housing. The subcommittee identified two funding models to make affordable housing greener:

Section 1 of the legislation would dedicate \$4 million in annual funding at the Dept. of Energy Resources to help fund loans for the purchase of energy efficient items in existing affordable multifamily rental housing to make the buildings more energy efficient. The proposal tracks a similar provision in the Green Communities Act that uses existing revenue sources to create a pilot program for single family owners to purchase these items but focuses on affordable multifamily units.

Section 2 of the legislation dedicates \$10 million in funding at *MassHousing* to help developers pay for items that boost energy efficiency in new developments through grants or loans. The source of the funding is a combination of current Mass. Technology Collaborative funding and a new appropriation.

In addition to these proposals, we are open to further discussions and ideas to determine the best course of action to increase efficiency in this important asset. Regardless of the best available tool, we would like to make it a Commonwealth priority to increase energy efficiency in new and existing affordable rental housing. In order to take advantage of this critical opportunity, the Commonwealth needs to focus energy efficiency resources and attention towards the affordable rental housing portfolio and S. 1653 would accomplish that goal.

Thank you very much for the opportunity to testify today. We look forward to working with the Committee to increase energy efficiency in affordable housing and thank you for your leadership on the matter. Please don't hesitate to contact me at (617) 742-0820 or scaron@chapa.org with any questions.