FILE



NATIONAL HOUSING TRUST

2019 DEC -3 PM 12:07

PUCO

**To:**
**Ms. Tanowa Troupe, Secretary**
**Public Utilities Commission of Ohio**
**180 East Broad Street**
**Columbus, OH 43215**

**Re:**
**Request for approval of late comments due to e-filing technical issues in Case No(s). 16-0574-EL-POR, 16-0576-EL-POR, 16-0743-EL-POR, 17-1398-EL-POR / Comments filed by: Annika Brink-National Housing Trust on behalf the Columbus Apartment Association, Community Housing Network, Midwest Affordable Housing Association, National Housing Trust, and Ohio Housing Council**

The National Housing Trust (NHT) respectfully requests acceptance of late filed comments in Case No(s). 16-0574-EL-POR, 16-0576-EL-POR, 16-0743-EL-POR, 17-1398-EL-POR. As a first-time e-docket filer at the Public Utilities Commission of Ohio, I ran into technical difficulties getting comments filed yesterday, 11/25. I created a profile, submitted a participation agreement, and was in contact with the PUCO assistance line all before the submission deadline – yet NHT's profile for electronic filing was not approved in time. I was advised shortly after the deadline to submit comments via e-mail to docketing@puco.ohio.gov, which I proceeded to do at 6:52 ET on 11/25, with assistance from my colleague Laura Goldberg, lgoldberg@nrdc.org (as e-mail was inaccessible to NHT at that time).

As this is a simple call for comments, and there should be no party prejudiced by these comments – NHT is requesting an acceptance of the comments filed late by Annika Brink/National Housing Trust on behalf of NHT, Community Housing Network, Columbus Housing Association, Midwest Affordable Housing Association, and Ohio Housing Council.

Thank you for taking the time to review the letter. Please find the above described comments along with this letter as well.

Annika Brink

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**To: The Public Utilities Commission of Ohio**
**Re: Case No(s). 16-0574-EL-POR, 16-0576-EL-POR, 16-0743-EL-POR, 17-1398-EL-POR**

## I. Introduction

These comments are submitted on behalf of the Columbus Apartment Association, Community Housing Network, Midwest Affordable Housing Association, National Housing Trust, and Ohio Housing Council in response to the Public Utilities Commission of Ohio's (PUCO) request for input on the following two questions:

1. "Whether the Commission should terminate the energy efficiency programs once the statutory cap of 17.5 percent has been met."
2. "Whether it is appropriate for the EDUs to continue to spend ratepayer provided funds on energy efficiency programs after the statutory cap has been met."

We find that the statute not only permits energy efficiency programs to continue through the end of 2020 but requires it and therefore it is appropriate for EDUs to continue to spend ratepayer provided funds on energy efficiency programs through December 31, 2020. The law clearly states that electric distribution utilities with portfolio plans approved that expire prior to December 31, 2020 shall automatically be extended through that date.[1] The law also explicitly states that all portfolio plans shall terminate on that date.[2] Therefore, the Commission is not only authorized but required to allow the portfolio programs to continue through December 31, 2020.

It is true that the law also states that once the 17.5% energy savings is met then full compliance with the law is achieved and no cost recovery shall continue except as necessary for reconciliation purposes.[3] However, the law premises the calculation of the 17.5% as the cumulative energy savings "collectively achieved, since 2009, by all electric distribution utilities in this state as of December 31, 2020."[4] The Commission cannot properly calculate the 17.5% savings until after December 31, 2020. The law was written to support portfolio plans through December 31, 2020 at which point the plans automatically terminated and a calculation is to be made. If the calculation yields a cumulative energy savings of 17.5% the statute is deemed achieved. If not, however, the Commission has the authority to develop and implement new programs designed to achieve the 17.5% savings.[5]

We urge the PUCO to continue energy efficiency programs through at least the end of 2020. We also recommend that the PUCO continue to explore the opportunities for energy

[1] O.R.C. 4928.66(F)(2).
[2] Id.
[3] O.R.C. 4928.66(G)((2)(a) & (G)(2)(3).
[4] O.R.C. 4928.66(G)(1)(a).
[5] O.R.C. 4928.66(G)(2)(b)(i).

efficiency in Ohio past 2020, with an emphasis on low-income energy efficiency programs. The PUCO should ensure that low income families in Ohio continue to have access to these programs, even after the termination of the portfolios that were designed to comply with the state's mandate in O.R.C. 4928.66. These comments will focus on why Ohio low-income families, particularly those living in affordable multifamily housing, need energy efficiency programs through at least the end of December 31, 2020, but also beyond 2020. There is a substantial portion of families that have still not been served, and it is critical that the PUCO help to ensure Ohio's most vulnerable customers are not left behind.

## II. The Need

Energy efficiency programs are extremely beneficial to low-income tenants and can help owners maintain the buildings they live in, especially in subsidized properties where owners have limited cash flow because of legal obligations to maintain low rents and other restrictions. Retrofits can result in non-energy benefits ("NEBs") such as water/wastewater bill savings, reduced maintenance costs, lower turnover rates, increased resident comfort, increased durability, improved safety, and improved health (e.g., less asthma or aggravation of chronic conditions from extreme heat and cold, resulting in fewer sick days from work and school). Utilities can benefit from reduced arrearage carrying costs, reduced customer collection calls/notices, reduced termination/reconnection costs, and reduced bad debt write-offs.[6]

Over 94% of Ohio's multifamily households rent and around 43% of Ohio's renters spend more than 30% on rent plus utilities, the federal standard for housing unaffordability.[7] According to the U.S. Department of Housing and Urban Development, such households "may have difficulty affording necessities such as food, clothing, transportation and medical care."[8]

Low-income multifamily households face a higher energy burden than non-low-income households. A 2016 report by Energy Efficiency for All and the American Council for an Energy-Efficient Economy ("ACEEE") that looked at energy burden across 48 metropolitan

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[6] For an overview of the many non-energy benefits of low-income energy efficiency, see:

- *Massachusetts Special and Cross-Sector Studies Area, Residential and Low-Income Non-Energy Impacts (NEI) Evaluation*, prepared by NMR and Tetra Tech for Massachusetts Program Administrators, 2011, available at http://ma-eeac.org/wordpress/wp-content/uploads/Special-and-Cross-Sector-Studies-Area-Residential-and-Low-Income-Non-Energy-Impacts-Evaluation-Final-Report.pdf.
- *Non-Energy Benefits / Non-Energy Impacts (NEBs/NEIs) and their Role & Values in Cost-effectiveness Tests: State of Maryland*, prepared by Lisa A. Skumatz, Ph.D./Skumatz Economic Research Associates for NRDC, 2014, available at http://energyefficiencyforall.org/sites/default/files/2014_%20NEBs%20report%20for%20Maryland.pdf

[7] U.S. Census Table B25070. *2013-2017 American Community Survey 5-Year Estimates*. GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS, Universe: Renter-occupied housing units. And U.S. Census Table B25032. *2013-2017 American Community survey 5-Year Estimates*. TENURE BY UNITS IN STRUCTURE, Universe: Occupied housing units. Multifamily defined here as buildings of 5+ units.

[8] Spending 30% of income on rent plus utilities is found in the U.S. Department of Housing and Urban Development's definition for whether a household is housing cost burdened. *See* HUD.gov, *Affordable Housing*, available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/.

areas found that low-income and low-income multifamily households had a median energy burden higher than that of non-low-income households.[9] Low-income households in the Ohio metropolitan areas included in the study—Cincinnati, Cleveland, and Columbus—had median energy burdens of 8.45%, 8.47%, and 8.13%, respectively, compared to around just 4% for the median household in those metropolitan areas. This means that the median low-income household spends around twice as much of its gross income on energy utility spending—and the study found that a quarter of low-income households in these metropolitan areas spend more than 15.49%, 14.07%, and 12.93% of their gross incomes, respectively.[10]

| | Energy burden | | |
|---|---|---|---|
| | Cincinnati | Cleveland | Columbus |
| Median household | 4.34% | 4.22% | 3.95% |
| Median low-income household | 8.45% | 8.47% | 8.13% |
| Top quartile low-income household | 15.49% | 14.07% | 12.93% |

The Energy Efficiency for All/ACEEE report cited above found that energy efficiency was key to alleviating the high energy burdens faced by low-income households:

> [F]or all low-income households and for multifamily low-income households, bringing their housing stock up to the efficiency level of the median household would eliminate 35% of their excess energy burden. As one might expect, the energy burdens of low-income households are driven in large part by their low-income status. However, more than one-third of their excess energy burden was caused by inefficient housing stock.[11]

Therefore, we support continued programs to help low-income single family and multifamily buildings upgrade their efficiency.

A historical lack of access to energy efficiency for multifamily rental housing presents an opportunity for Ohio's utilities to tap latent energy savings. In fact, efficiency measures are far

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[9] Drehobl, A. and Ross, L., *Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*, Energy Efficiency for All and ACEEE, April 2016, available at http://www.energyefficiencyforall.org/sites/default/files/Lifting%20the%20High%20Energy%20Burden_0.pdf, page 4.

[10] *Id.* at Appendix C, Table C1, page 47.

[11] *Id.* at page 19.

less likely to be installed in multifamily rentals than in any other type of housing. Nationwide, multifamily units occupied by low-income renters had 4.1 fewer energy efficiency features in 2005 and 4.7 fewer in 2009 compared with other households.[12] This translates to significant unrealized low-income multifamily energy savings.

## III. THE OPPORTUNITY

### A. General

A 2014 study by the American Council for an Energy-Efficient Economy (ACEEE) looked at the cost of energy efficiency across 20 states and found "an average cost of 2.8 cents per kWh---about one-half to one-third the cost of meeting electricity needs with new power plants." The same report found that electric energy efficiency investments returned $1.24 to $4.00 in customer benefits for every $1.00 invested, including avoided energy, capacity, peak period, and infrastructure investment costs as well as reduced pollution.[13] Utility regulators have come to similar conclusions: in a 2015 study, Minnesota's utility regulator found that in 2014 alone, the state's utilities enjoyed almost $381.6 million in avoided utility costs attributable to the cumulative effect of utility energy efficiency programs from 2008-2013.[14] These are costs that would otherwise have been passed on to customers.

### B. Amount of Affordable Multifamily Housing in Ohio

Multifamily housing units (found in buildings of 5+ units) make up 14% of all housing units in Ohio, or around 738,000 housing units.[15] An analysis conducted by Energy Efficiency for All found that around 50% and 60%, respectively, of the multifamily units in Illinois and Michigan were affordable multifamily units (apartments affordable to low-income households whether the apartment is subsidized, unsubsidized, or public-housing-authority-owned).[16] Assuming a similar percentage for Ohio, this yields around 369,000 to 443,000 affordable multifamily homes statewide.

### C. Potential Study

A 2015 potential study covering several states, including nearby Illinois and Michigan, found that if these states pursued maximum achievable electric savings in the affordable multifamily sector from 2015-2034, the cumulative savings would equate to 22% to 26% lower

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[12] Pivo, G., *Unequal access to energy efficiency in US multifamily rental housing: opportunities to improve*, 2014. Building Research & Information, 42:5, pages 551-573.

[13] Molina, M., *The Best Value for America's Energy Dollar: A National Review of the Cost of Utility Energy Efficiency Programs*, ACEEE, March 2014. http://aceee.org/research-report/u1402.

[14] Minnesota Department of Commerce, Division of Energy Resources, *The Aggregate Economic Impact of the Conservation Improvement Program 2008 – 2013*, 2015. http://mn.gov/commerce-stat/pdfs/card-report-aggregate-eco-impact-cip-2008-2013.pdf.

[15] U.S. Census, Table B25024. 2013-2017 American Community Survey 5-Year Estimates.

[16] Mosenthal, P. and Socks, M. 2015.

energy usage sector-wide in 2034 for Illinois and 26% to 32% lower energy usage sector-wide in 2034 for Michigan.[17]

**D. Multifamily Barriers and Program Design Needs**

Implementing energy efficiency retrofits in low-income multifamily buildings can be difficult because programs are not designed with multifamily needs in mind. For example, a program may be geared toward participation by individual tenants, even though owners are the decision-makers for investments in multifamily properties. Or, owners are often asked to apply separately to gas and electric programs—and separately to programs for common area and tenant units. In such cases, owners may decide the transaction costs and time commitment of understanding, applying to, and participating in such disjointed programs are not worth the incentives being offered. Or, they may elect to install only one type of measure, leaving additional savings uncaptured.

Other barriers are financial, such as insufficient financial incentives or owners' lack of access to capital. For affordable buildings financed through the state housing finance agency (Ohio Housing Finance Agency), utility-sponsored energy efficiency incentives may not be flexible or reliable enough to account for the long planning and construction timelines associated with this process, where time from energy audit to rehabilitation completion may be 24 months or more.

In some cases, contractors are unfamiliar with the multifamily building type and the potential savings it presents, leaving savings on the table. Multifamily buildings, especially subsidized ones, often have complex management and decision-making structures and limited staff time to manage incentive processes, while efficiency programs may allocate insufficient technical assistance to help overcome these barriers and manage owners' program participation. And, owners often lack access to energy usage data for the tenant meters in their buildings, which can hamper their ability to make well-informed whole-building energy efficiency investment decisions and to prioritize such investments across their property portfolios.

Perhaps paramount are the facts that it can be extremely difficult to get affordable multifamily building owners' attention, and that subsidized affordable multifamily buildings often operate on periodic financing/re-financing cycles where owners are only able to make major building upgrades every 15-20 years. Thus, it is imperative to address all possible energy savings opportunities in an affordable multifamily building at the moment when a utility has the owner's attention. Unfortunately, many programs are not designed with this building/financing lifecycle in mind.

[17] Mosenthal, P. and Socks, M., *Potential for Energy Savings in Affordable Multifamily Housing*, Optimal Energy for NRDC, 2015. http://www.energyefficiencyforall.org/sites/default/files/EEFA%20Potential%20Study.pdf, p. 32.

As a result of these and other barriers, low-income multifamily buildings are typically underserved by existing energy efficiency programs such as the federal Weatherization Assistance Program. This further deepens the importance of free- and low-cost low-income multifamily offerings as an essential part of any equitably designed utility energy efficiency portfolio. Such programs ensure that low-income multifamily households are able to participate in and directly benefit from a utility's energy efficiency investments. Because of this sector's unique needs, offerings that are specifically targeted to and designed for low-income multifamily buildings are necessary to ensure that such buildings, and their owners and tenants, are equitably served with energy efficiency offerings.

While the barriers discussed here are significant and complex, there is compelling evidence from the field that programs can be designed to overcome these barriers, including some key best practice resources from organizations and initiatives such as ACEEE and Energy Efficiency for All (EEFA). It is also noteworthy that Ohio weatherization and utility energy efficiency programs are already incorporating many innovative ways to overcome these barriers.

## IV. Ohio Families Benefit from Low-Income Energy Efficiency Programs

Ohio's energy efficiency programs have been a critical solution in helping address the unaffordability of utility bills for the state's most vulnerable families. For example, the Mid-Ohio Regional Planning Commission (MORPC) has helped firsthand to implement Ohio's low-income energy efficiency programs. According to their recent Weatherization Showcase, they have served more than 20,000 income-eligible households in Franklin County over the last 30 years with energy efficiency upgrades such as furnace and water heater repairs and replacements, installation of sidewall and attic insulation, or refrigerators, freezers, and light bulb replacements for more efficient models.[18]

MORPC's energy efficiency programming and ability to help these households was possible through funding from the WarmChoice Program. The program is offered by Columbia Gas of Ohio, AEP Ohio's Community Assistance Program, and the Home Weatherization Assistance Program. The program has helped these households to see lower energy bills, increased property value, improved health and safety within their home, increased comfort, and more.

Ohio's network of weatherization providers, organized as Ohio Partners for Affordable Energy, are innovators in delivering low-income energy efficiency programs, including multifamily programs. Approximately 40 percent of the homes served by electric utility energy efficiency programs are in affordable multifamily buildings. Some agencies are working with natural gas utilities to provide deeper weatherization and heat pump replacements funded by

[18] http://www.morpc.org/news/weatherization-showcase-highlights-morpcs-residential-services/

electric utilities are significantly increasing savings for low-income apartment dwellers to the benefit of ratepayers. Steps are being taken to reducing barriers to serving families in multifamily buildings with the state's Home Weatherization Assistance Program. Markets and technology innovation have made multifamily housing an important source of energy efficiency savings and that innovation should continue in Ohio.

## V. Conclusion

Thank you to the PUCO for the opportunity to submit these comments. Once again, we find that the law requires the Commission to: (1) continue all energy efficiency portfolio plans through at least December 31, 2020, and (2) continue allowing electric distribution utilities to spend ratepayer-provided funds on energy efficiency portfolio plans through December 31, 2020. Finally, we recommend the PUCO (3) explore opportunities for energy efficiency beyond 2020, especially low-income energy efficiency opportunities. Ohio's most vulnerable families need energy efficiency programs to help with their unaffordable energy bills and the overall unaffordability of their housing costs.

Respectfully submitted by,

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B25070: GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE PAST 12 MONTHS
Universe: Renter-occupied housing units
2013-2017 American Community Survey 5-Year Estimates

| | |
|---|---|
| **Total:** | 1,572,672 +/-8,617 |
| **Less than 10.0 percent** | 66,670 +/-1,831 |
| **10.0 to 14.9 percent** | 153,987 +/-2,944 |
| **15.0 to 19.9 percent** | 200,909 +/-3,918 |
| **20.0 to 24.9 percent** | 184,745 +/-2,867 |
| **25.0 to 29.9 percent** | 168,967 +/-2,902 |
| **30.0 to 34.9 percent** | 123,938 +/-2,574 |
| **35.0 to 39.9 percent** | 87,299 +/-2,004 |
| **40.0 to 49.9 percent** | 122,835 +/-2,237 |
| **50.0 percent or more** | 344,029 +/-4,340 |
| **Not computed** | 119,293 +/-2,426 |

| | |
|---|---|
| **What percentage of renters pay more than 30% of household income in housing (including energy) costs?** | |
| 678,101 | |
| 43.1% | |

B25032: TENURE BY UNITS IN STRUCTURE
Universe: Occupied housing units
2013-2017 American Community Survey 5-Year Estimates

| | |
|---|---|
| **Total:** | 4,633,145 +/-10,3 |
| **Owner-occupied housing units:** | 3,060,473 +/-16,6 |
| **1, detached** | 2,741,381 +/-14,9 |
| **1, attached** | 116,258 +/-2,0 |
| **2** | 27,274 +/-1,0 |
| **3 or 4** | 19,648 +/-918 |
| **5 to 9** | 14,497 +/-869 |
| **10 to 19** | 9,804 +/-556 |
| **20 to 49** | 5,481 +/-467 |
| **50 or more** | 7,413 +/-469 |
| **Mobile home** | 117,971 +/-2,0 |
| **Boat, RV, van, etc.** | 746 +/-188 |
| **Renter-occupied housing units:** | 1,572,672 +/-8,6 |
| **1, detached** | 522,977 +/-5,4 |
| **1, attached** | 91,897 +/-2,0 |
| **2** | 148,620 +/-3,0 |
| **3 or 4** | 170,550 +/-2,5 |
| **5 to 9** | 200,642 +/-2,7 |
| **10 to 19** | 166,052 +/-2,7 |
| **20 to 49** | 87,100 +/-2,0 |
| **50 or more** | 143,246 +/-2,3 |
| **Mobile home** | 40,749 +/-1,5 |
| **Boat, RV, van, etc.** | 839 +/-200 |

| | |
|---|---|
| **What percentage of multifamily households rent?** | |
| Total multifamily | 634,235 |
| Renting multifamily | 597,040 |
| | 94.1% |

https://aceee.org/sites/default/files/publications/researchreports/u1602.pdf Drehobl, A. and Ross, L., Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities, Energy Efficiency for All and ACEEE, April 2016, available at http://www.energyefficiencyforall.org/sites/default/files/Lifting%20the%20High%20Energy%20Burden_0.pdf

| | CINC | CLEV | COLU |
|---|---|---|---|
| Low-income multifamily households in the X metropolitan area had a median energy burden of X%, | 6.19% | 5.36% | 6.52% |
| compared to just X% for the median household in the X metropolitan area. | 4.34% | 4.22% | 3.95% |
| This means that the median low-income multifamily household spends X% of its gross income on energy utility spending | 6.19% | 5.36% | 6.52% |
| —and the study found that a quarter of X low-income multifamily households spend X% or more. | 12.95% | 12.31% | 11.17% |
| | | | |
| Low-income households in the X metropolitan area had a median energy burden of X%, | 8.45% | 8.47% | 8.13% |
| compared to just X% for the median household in the X metropolitan area. | 4.34% | 4.22% | 3.95% |
| This means that the median low-income household spends X% of its gross income on energy utility spending | 8.45% | 8.47% | 8.13% |
| —and the study found that a quarter of X low-income households spend X% or more. | 15.49% | 14.07% | 12.93% |