

Appendix:

Multifamily Affordable Rental Housing

Distinguishing between two different types of multifamily (5 units +) affordable rental housing:

- Government assisted, or subsidized affordable rental housing, and
- Unsubsidized affordable rental housing. *

In short, **the utilities could stretch their dollars significantly if they offered only a partial, 50-70% incentive to the unsubsidized affordable rental owners instead of 75-100% grant.** Because these owners currently expect to finance or pay for the bulk of the total retrofit cost themselves, a 50-70% incentive from the utilities would be a huge boost.

Historically, **subsidized buildings knew they could pursue sizeable grants from DCEO** via the Affordable Housing New Construction Program. These grants would cover most, if not all, efficiency related costs.

Unsubsidized buildings, however, did not access DCEO programs to avoid burdensome government requirements. These buildings historically could only partially offset their retrofit costs with utility incentives and rebates. Depending on a building's overall retrofit needs and available utility incentives, **past utility resources would typically cover only 10-20% of the total cost** of all measures in a retrofit. ** These owners would expect to finance - or pay out of pocket - the remaining 80-90%.

If a new utility program offered an incentive to cover an average of 50-70% of the cost of a retrofit, these owners would be greatly motivated to apply. However, if an income certification is required (as opposed to using a census tract's income to automatically qualify a building), owners may avoid the program, since the costs to comply would outweigh the program benefit. For buildings outside of qualifying census tracts, there should be a secondary method of compliance where owners can verify that their tenants are low-income.

CIC has been serving these unsubsidized owners for thirty years with financing, and CIC and Elevate have easily triaged buildings between unsubsidized and subsidized. We could help the utilities come up with a simple and effective protocol along these lines.

Boosting incentives for unsubsidized owners to an average of 50-70% would yield an improvement in owner participation, and stretch utility dollars to retrofit a much higher number of units. It is also important to provide flexibility in program design for building owners who may need more or less incentives to complete a retrofit.

In addition to the Energy Savers Loan Fund, CIC also administers **multifamily on-bill financing**. To be clear, **a tenant's bill is not allowed to be touched at all**. Only the investor owners finance the improvements off of their utility bills.

*For reference, according to Harvard's Joint Center on Housing, of the affordable rental stock across the country, 70% is unsubsidized, and 30% receives subsidy (this includes all types of government contracts, and capital subsidies like tax credits to build housing). Public housing, we all acknowledge, falls into a completely separate bucket.

**CIC has typically seen these kinds of retrofits cost hover around \$3,000 per unit.

Comprehensive Retrofit Definition:

A Comprehensive Retrofit means an energy efficiency project that applies a whole building approach that touches multiple systems and components of an eligible utility customer's residence or business facility, which may include incentives for heating, cooling, lighting, and/or the building envelope, as well as providing a whole building assessment, with the intent, over time, of capturing all cost-effective efficiency opportunities, while ensuring that health and safety standards are met. Illinois Program Administrators shall leverage funding sources outside of Section 8-103, 8-104, or 16-111.5B energy efficiency budgets for health and safety repairs that are required before an energy efficiency project can be installed. Comprehensive Retrofit projects focus on improving energy efficiency, to result in lower whole-building energy use. To ensure quality installation of energy efficiency projects, Illinois Program Administrators shall develop and implement quality assurance and quality control procedures for energy efficiency programs that utilize Comprehensive Retrofits.

Additional Input Provided on Comprehensive Retrofit Definition:

- Focuses on comprehensive projects that touch multiple systems and components (such as heating, cooling, lighting, building envelope) *
- Aim for savings target range of 20-40% savings based on actual consumption for a 3-5-year period post-retrofit (achieving this target should not be required for each project)
- Provide a whole building assessment and report that includes
 - Analyzing of HVAC and lighting systems with on-site diagnostic testing (combustion efficiency, etc.)
 - Identifying health and safety issues
 - Measuring utility consumption, compared to consumption of typical buildings
 - Projecting savings and modelling based on actual prior energy usage, practical experience, performance and similar buildings
 - Addressing financing options and showing ROI

*List of commonly installed measures and average amounts:

- Insulation in walls, attics/flat roof cavities – 10-15,000 sf
- Pipe insulation on heating pipes – 300-500 linear feet
- Pipe insulation on domestic hot water pipes – 150 linear feet
- Lighting retrofits (new lamps and ballasts)
- Lighting controls
- Pumps and Motors
- HVAC balancing and optimizing
- Boiler tune ups
- DHW temperature set back
- Outdoor resets
- Electric chiller replacement
- HVAC controls and equipment replacement
- General air sealing
- Central domestic hot water heater
- Demand controlled ventilation
- Steam traps, Vents, Controls and Balancing.
- Operations and Maintenance Training