AFFORDABLE HOMES FIRST:
Advancing a Green New Deal for Los Angeles Renters

ENERGY EFFICIENCY FOR ALL

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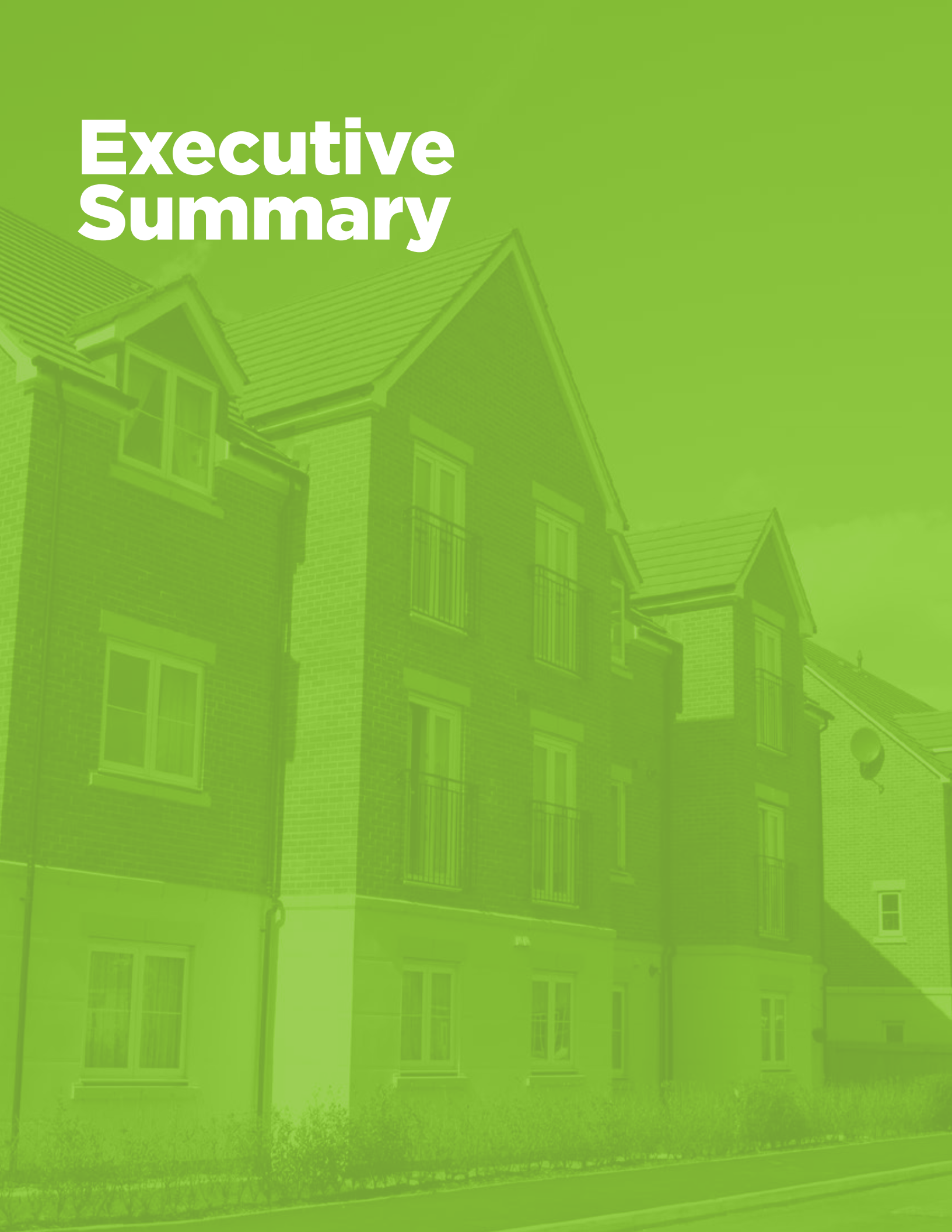
Executive Summary



Los Angeles, which has made great strides in creating a clean energy economy, could be reducing energy use and greenhouse gas (GHG) emissions on a scale in line with meeting the Paris Climate Agreement targets if it more effectively made energy-efficiency programs available for low-income residents of multifamily buildings. By doing so, the city would not only further advance its efforts to stem climate-change but also make its buildings healthier and more affordable for one million of the city's most economically vulnerable renters.

and cost-effective, but also comes with meaningful economic and environmental benefits.

All of this could be accomplished by making an investment with a 200 percent return. That is, each dollar invested by the Los Angeles Department of Water and Power (LADWP) in its residential customers' efficiency programs through 2030 would result in savings worth two dollars in benefits, for example, from reduced supply-side investments and bill savings for Los Angeles residents.

Analyses commissioned by NRDC show the following significant benefits could be achieved through 2030:[1,2]

$68 MILLION IN ANNUAL UTILITY BILL SAVINGS for participating residents, an average annual savings of approximately $207 per participating household

Up to **300 GIGAWATT-HOURS (GWH) IN ELECTRICITY SAVINGS AND 22 MILLION THERMS IN GAS SAVINGS,** enough to fully power 50,000 households

22 PERCENT AVERAGE ELECTRICITY USAGE REDUCTION AND 25 PERCENT AVERAGE GAS USAGE REDUCTION PER HOUSEHOLD. This translates to savings of 1009 kilowatt-hours (kWh) and 56 therms per household in 2018[3]

220,000 METRIC TONS OF CARBON AVOIDED—comparable to the annual pollution from 42,000 passenger vehicles

3,000 FULL-TIME, HIGH-QUALITY JOBS installing energy-efficiency improvements

These renters are the hardest hit by California's housing crisis, pay the highest percentage of their incomes on energy bills, and are among the most vulnerable to climate-change related disasters, including more frequent and intense heat waves and wildfires.

This report finds that expanding effective programs to better serve this population not only is possible

And, these results could be achieved by an annual LADWP investment of $75 million through 2030**,** according to NRDC's conclusions from its commissioned analyses, shown in Appendix A.[4]

In addition to determining the potential for energy savings through programs targeted at lower-income, multifamily residences, this report assessed the barriers to reaching this full potential, and recommends strategies to fully realize it.

The principal barriers are:

- **Unnecessary Complexity:** LADWP's existing residential energy-efficiency programs have varied eligibility criteria, enrollment procedures, and points of contact. The types of improvements offered are often unsuitable for multifamily buildings, which makes it difficult for owners to understand their options and see the benefits that would otherwise drive participation.[5]
- **Underserved Customer Segment:** None of LADWP's efficiency programs were designed specifically for multifamily buildings using industry best practices. This has resulted in long-standing inequities and underinvestment in multifamily customers (property owners and their low-income tenants) compared with single-family homeowners and commercial and industrial customers.
- **Insufficient Commitment and Funding:** LADWP has no energy-efficiency target or dedicated budget for this sector and lacks the infrastructure to scale up multifamily programs that provide meaningful savings to tenants and owners. This stands in stark contrast to the fact that multifamily customers in two or more-unit complexes comprise 55 percent of LADWP's customers.[6]
- **Untimely Funding and Inflexibility:** Property owners have limited access to adequate and properly timed incentives; this can make programs offering piecemeal cost reimbursements, rebates or limited, prescriptive direct-install measures difficult or infeasible for many.

Recommendations

Achieving the potential GHG reductions and equity benefits outlined in this report necessitates action on two levels: the development of new resources and programs as well as of the associated funding, policies, and program infrastructure to ensure broad uptake. The following recommendations, developed from the studies, are meant to serve as a guide to policymakers in Los Angeles as well as at LADWP.

These new resources and programs are needed to complement existing programs:

1. LADWP should **expand the city's direct-install Home Energy Improvement Program** by creating a tailored offering for multifamily properties. To reach the scale needed, this program would need to expand the Utility Pre-Craft Trainees (UPCT) program and give priority to UPCT and unionized contracted workers performing as much work as possible.
2. LADWP should **develop a comprehensive, customized energy- and water-efficiency program that targets, but is not limited to, households in deed-restricted properties**. By developing a partnership with the California Department of Community Services and Development (CSD), LADWP could build on existing infrastructure established for the Low Income Weatherization Program.

3. The City of Los Angeles, in coordination with LADWP**, should develop a single outward-facing resource center or one-stop shop for its multifamily program offerings and support it with robust technical assistance and tailored outreach.** This resource center could be expanded from the Los Angeles Better Buildings Challenge services; however, the City of Los Angeles in coordination with LADWP should identify the appropriate entity.

To ensure these programs realize their maximum potential, this report recommends that LADWP and the City of Los Angeles provide robust funding, policies, and program infrastructure. These efforts should include the following:

4. **FUNDING: Meaningfully deploy LADWP's $100 million in affordable housing, energy-efficiency funding through 2023, followed by a stage two commitment for an additional $725 million in a seven-year program run from 2024 to 2030.** During the initial period through 2023, LADWP and the City of Los Angeles can address existing capacity and internal barriers while paving the way for a broader investment in workforce and infrastructure from 2024 to 2030. The funds should be applied to the three programs listed above and could be used only for electric energy saving and fuel-switching measures through LADWP or for a more comprehensive scope of implementation through a partnership with the CSD. Alternatively, in the short run, they could be shared with Southern California Gas Company to achieve efficiency in the use of natural gas.

5. **GOALS AND METRICS: Set ambitious program performance goals with transparent indicators of success. Specifically, the city in tandem with LADWP should commit to:**

- Reducing actual energy use in all lower-income multifamily buildings by at least 20 percent by 2030[7]
- Serving a minimum of 25,000 low-income households annually in order to benefit at least 275,000 low-income, rental households by 2030
- Creating inclusive and transparent public infrastructure, such as a low-income advisory board, and a detailed performance indicator report for the lower-income multifamily sector within LADWP's Equity Metrics Data Initiative

6 **PARTICIPATION AND CUSTOMER VALUE: Improve program access, participation, and value for owners, renters, and the local economy.**

LADWP should scale up program access and participation by:

- Providing robust technical assistance to affordable housing owners
- Augmenting LADWP's existing Community Partnership grants program for nonprofits and providing quality, multilingual community-based outreach
- Coordinating the timing of outreach for efficiency programs with Los Angeles' benchmarking ordinance (requiring properties over 10,000 square feet to report their energy usage to the city), seismic retrofits, tax credit renewals for affordable housing developments, and multifamily housing inspections through the Housing + Community Investment Department in Los Angeles
- Targeting outreach so that priority is given to investments in areas with the greatest energy burdens (the percentage of income spent on utility bills) and need, such as the San Fernando Valley and South Los Angeles
- Redesigning efficiency-program incentives and requirements to consider and minimize renters' risk of displacement during and following upgrades
- Encouraging programs to hire locally and pay contractors living wages
- Exploring opportunities to leverage financing and funding for health, safety, and climate resiliency building improvements. Possibilities may include partnering with community development financial institutions or programs such as the state's Transformative Climate Communities (TCC) and the California Air Resources Board's (CARB) Community Air Protection Program (CAPP).[8,9]

This report includes detailed energy analysis and economic models, and uses quantitative and qualitative research methods. In total, it outlines the scale of what's possible, why it's not happening today, and how LADWP and the city can achieve multiple benefits through adopting integrated approaches.

Policymakers at LADWP and the City of Los Angeles have an unprecedented opportunity to support smart energy-efficiency investments in the housing stock of its most vulnerable renters, and to realize broad environmental and economic benefits for all its customers and residents in return.

Endnotes

1 All data represents a total potential savings for low-income, multifamily housing.

2 NRDC, through its Energy Efficiency for All (EEFA) initiative, commissioned an analysis specifically of the energy-efficiency savings potential in lower-income multifamily housing in Los Angeles' Department of Water and Power's (LADWP) service territory to understand the benefits and costs of large-scale energy-efficiency investment in this sector. NRDC contracted with Optimal Energy to conduct the analysis, which involved generating a list of more than 200 energy-efficiency upgrades and determining the energy savings potential and associated economics for these measures using similar data inputs to those employed by LADWP in its energy-efficiency planning. The study results can be used to inform future energy-efficiency targets and budgets for LADWP as well as program design elements such as measure selection and program delivery. NRDC also contracted with BW Research Partnership to estimate the total number of jobs that would be created if the full cost-effective energy savings potential was achieved.

3 This number is calculated by dividing annual customer savings, from Supplementary Table 6, Appendix A, by total homes in the study, i.e., 409,278.

4 NRDC's conclusions are explained in Supplementary Figure 3, see Appendix A.

5 Conclusions from quantitative research, qualitative data from a focus group, interviews, and a survey of affordable multifamily housing owners and property managers

6 Conclusions based on analysis of multiple data sets. For NRDC's explanation and data, see Appendix B.

7 TCC funds development and infrastructure projects that alleviate pollution burden and improve economic opportunity and health equity for California's Disadvantaged Communities. For more information see: http://sgc.ca.gov/programs/tcc/. With Assembly Bill 617 (C. Garcia, 2017), CARB established CAPP. CAPP includes ground level and localized air-quality monitoring, community emissions reduction programs, early actions to address localized air pollution, and incentive funding for clean technologies. For more information, see: https://ww2.arb.ca.gov/our-work/programs/community-air-protection-program/about.

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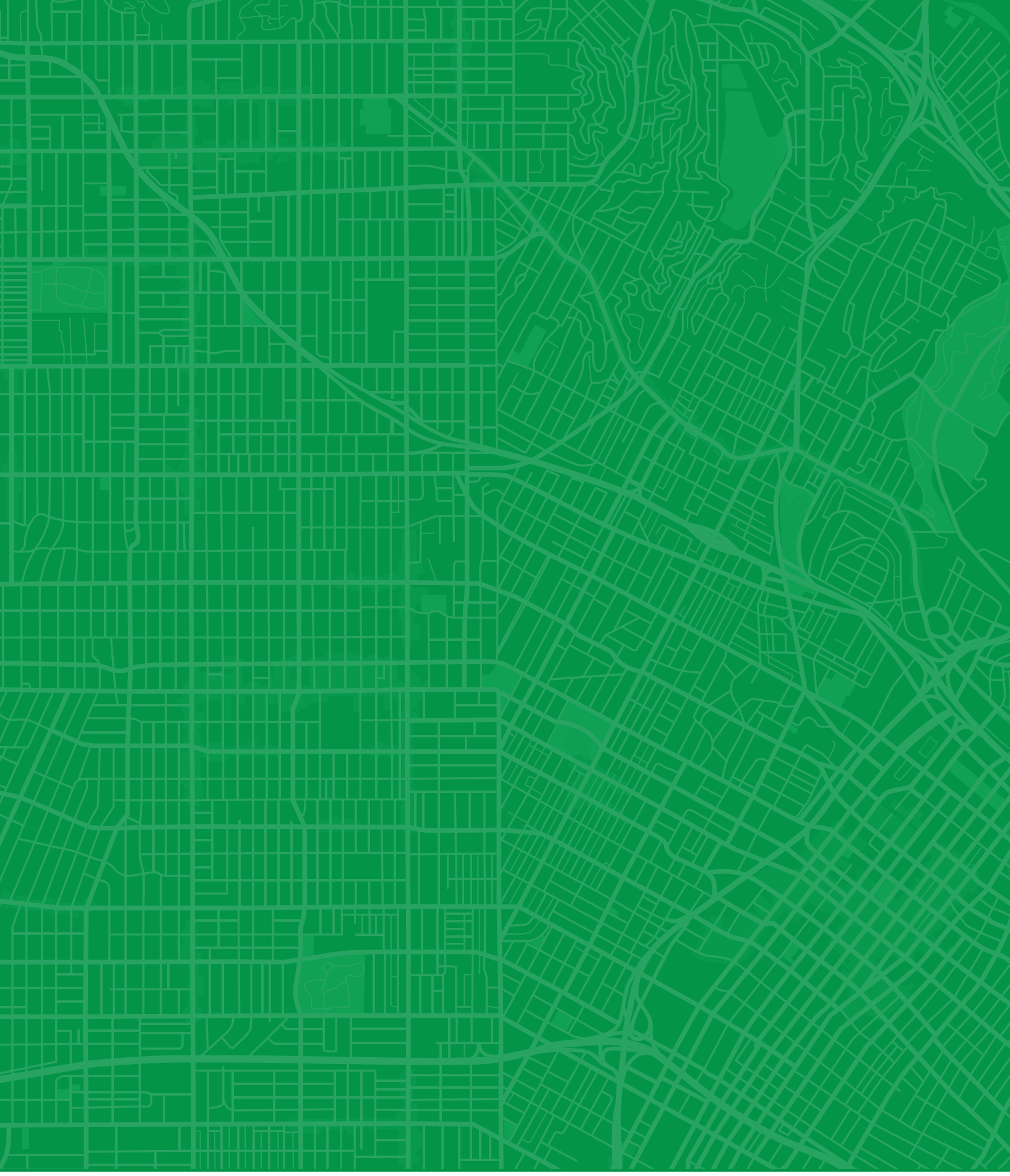

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