

Elevate Energy: Energy Efficiency Services for Affordable Multifamily Buildings

Program Profile



Full Service Support for Property Owners

Utility bills represent one of the highest operating costs for multifamily building owners nationally, exceeding taxes and insurance.¹ Often, owners pass these costs on to tenants through their rents. The owners of affordable² multifamily buildings that partner with Chicago-based nonprofit Elevate Energy (Elevate) improve the energy efficiency of their buildings in a way that benefits them, their tenants, and the environment. Owners save money and see improved tenant retention, tenants save money and enjoy better living conditions, all while helping to reduce carbon pollution.

Elevate designs and implements energy efficiency programs in 11 states around the country, with an emphasis on helping low-income communities. Through its Energy Efficient Building Services program, the organization acts as a “one-stop hub,” offering building owners free comprehensive energy efficiency services, including an energy assessment, guidance on cost-effective solutions, access to financing options, quality assurance, and follow-up. This full-service approach maintains building owners’ engagement and trust throughout the upgrade process.

Since the program’s launch in 2007, more than 620 affordable multifamily buildings (comprising 28,600 units) have completed upgrades in Illinois and Michigan alone. These retrofits have avoided more than 49,400 metric tons of CO₂, equivalent to the annual emissions from the energy use of approximately 5,200 average American homes.³

The full-service approach overcomes many of the common barriers preventing owners of multifamily buildings from investing in efficiency improvements, including limited awareness and expertise, insufficient capital, lack of a single point of contact, and inability to track post-retrofit savings. By employing an approach that benefits both owners and tenants, the program also addresses the “split incentive” that discourages owners from improving efficiency in tenant units when tenants pay the energy bills.

Fast Facts

Program scope: Elevate Energy offers a full-service energy efficiency retrofit program for owners and tenants of affordable multifamily buildings.

Communities served: Low-income residents of affordable apartment buildings in 11 states.

Funding: The program is funded by a mix of government agencies, foundations, and banks.

Key partners: Community Investment Corporation, affordable housing nonprofits, local contractors.

Promising practices: Eliminate/reduce up-front costs, create a one-stop hub for energy assistance, address split incentives.



Making it Happen

Elevate created the Energy Efficient Building Services program to preserve affordable housing stock for working families and address rising energy costs for multifamily building owners. The program targets older, inefficient apartment buildings that have five or more units.

The program uses a hands-on customer service approach to develop relationships and build trust with building owners, who often lack time and resources and are skeptical about the value of efficiency upgrades. Participating building owners receive free assessments, consultation, and project oversight, as well as low-interest financing for the upgrades provided by Elevate's financial partners (see the section on Key Partners below). Participants have a single point of contact throughout the retrofit process, helping make upgrades straightforward and convenient for property owners. Elevate also is committed to quality assurance, using detailed construction management protocols and collecting data to determine baseline energy use, estimate savings, and monitor post-retrofit results.

The first step of the program is to work with a building owner to conduct a free energy assessment of the entire building to establish goals for energy use and utility bills. Elevate then assigns a dedicated energy analyst to the project who meets with the building's management to recommend cost-effective energy solutions and financing options. Efficiency upgrades are typically completed throughout the building, including in tenant units where appropriate. Elevate enlists qualified contractors, provides an on-site construction manager to oversee the retrofit process, and inspects the building once the work is complete. Post-retrofit, program staff continue to monitor energy use in the building for up to 24 months, providing annual reports on savings data to the owner. If expected results are not being achieved, staff revisit sites for maintenance and client education.

Retrofits include a range of upgrades to common areas and shared building components such as insulation, efficient HVAC systems, and water-saving devices. Elevate coordinates financing for the owners to help them pay for the retrofits. Most financing consists of low-interest loans, along with other sources such as utility rebates and tax incentives. In interviews, many owners have said that the cost savings from the improved energy efficiency of their buildings has helped them keep rent affordable and maintain a core group of stable tenants.⁴

Because the initial energy assessment recommends changes throughout the building, owners often extend the implemented retrofits to individual tenant units, such as upgrading appliances to ENERGY STAR® or installing efficient lighting. Tenants who pay for their utilities save money



as a result and all tenants benefit from improved comfort, health and safety, and overall satisfaction with their homes. Building owners often report less turnover among tenants in buildings that receive upgrades.⁴

Key Partners

Elevate partners with a variety of financial institutions to provide financing to owners to pay for the energy improvements. Because the financing helps reduce up-front costs for owners, Elevate considers its financing partners key contributors to the success of its programs. For example, Elevate collaborates with the Community Investment Corporation (CIC), a community development financial institution, to provide low-interest loans to owners for its program in the seven-county Chicago metropolitan region and the city of Rockford, Illinois. The CIC uses projected energy savings to underwrite loans at a fixed rate of three percent with a seven-year term, with an average investment per unit of \$2,500.⁵

In an effort to reach some of the lowest-income members of the community, Elevate also partners with nonprofit affordable housing organizations (such as community development corporations and regional nonprofit housing organizations that own affordable housing developments) to ensure that they and the residents of their buildings benefit from the Energy Efficient Building Services program. Other important partners are local certified contractors that complete the energy savings upgrades.

Funding Sources

Funding for the Energy Efficient Building Services program comes from financial institutions, government entities, nonprofit organizations, and philanthropic sources. Current major funders include the John D. and Catherine T. MacArthur Foundation and Grand Victoria Foundation (for program operation and administration).

Achievements

Many multifamily building owners have undertaken energy efficiency retrofits with the support of Elevate's full-service approach. Key program results include:

- Between 2007 and July 2016, more than 28,600 affordable multifamily units in Illinois and Michigan completed retrofits, generating cost and energy savings and avoiding more than 49,400 metric tons of CO₂, equivalent to the annual emissions from the energy use of approximately 5,200 average American homes.³



- Participating multifamily buildings reduce utility and maintenance costs by an average of 25–30 percent. An average 24-unit building saves up to \$10,000 per year in gas, electric, and water costs.⁴
- For building owners, the payback on energy efficiency investments is roughly two to five years, while immediate benefits include increased comfort levels for tenants, fewer maintenance calls, and increased tenant satisfaction. A 2015 pre- and post-retrofit analysis of 13 Chicago multifamily buildings receiving services from Elevate found that the net operating income of buildings with energy improvements had increased by nearly three percent one year after the retrofits were completed.⁴
- Building owners have told Elevate that a key motivation for them to undertake energy improvements is the prospect that reduced energy bills and improved comfort will increase tenant retention and reduce the burden of re-leasing units.⁴ Even in master-metered buildings, where tenants are not responsible for their utility bills, feedback from owners makes it clear that tenants are benefiting from improved comfort and safety, along with more stable rents.⁴

Replicability

Elevate Energy’s experience suggests that other organizations may be able to reduce costs for low-income renters by working with building owners in a hands-on manner to identify and implement energy efficiency upgrades. A key to success has been establishing a single point of contact and providing assistance through all steps of the upgrade process. In turn, this ability to provide a full suite of services depends on having a partner that offers low-interest financing for retrofits. As a result of the program’s achievements, Elevate is developing comprehensive efficiency services initiatives in other states, and is connecting local organizations with start-up capital and helping them to design programs based on this model.

For More Information

- [Elevate Energy Energy Efficient Building Services Program for Multifamily Buildings](#)
- [Energy Savers Loan](#)
- [EPA Informational Resources on Energy Efficiency and Renewable Energy in Low-Income Communities](#)

¹ D. Philbrick, R. Scheu, and L. Brand. Partnership for Advanced Residential Retrofit, 2016. [Quantifying the Financial Benefits of Multifamily Retrofits](#). Prepared for Elevate Energy.



² Affordable housing and low-income housing do not necessarily mean the same thing. In this document, affordable housing refers to all the types of housing that Elevate Energy works with, as follows: Elevate works with a variety of subsidized (including Section 8) and un-subsidized multifamily properties. For non-subsidized housing it targets low-income areas, and building owners certify that the rent is affordable to families at or below 80% of the area median income.

³ Impact data from [Elevate Energy website](#). Equivalency calculated using EPA's [Greenhouse Gas Equivalencies Calculator](#).

⁴ Elevate Energy, 2014. [Valuing the Financial Benefits of Energy Efficiency in the Multifamily Sector](#).

⁵ Community Investment Corporation, [2016 Fact Sheet](#).