

# Building a pathway to energy-efficient homes

## ROCHESTER CLIMATE GOALS

The Rochester Climate Action Plan aims to cut greenhouse gas (GHG) emissions by 40% by 2030 compared to 1990 levels. To achieve this, it's important to focus on the biggest sources of emissions. In Monroe County, residential and commercial energy use makes up 35% of these emissions, second only to transportation. In Rochester, a major challenge to reducing these emissions is the 'split incentive' issue.

## THE SPLIT INCENTIVE PROBLEM

In rental housing, the 'split incentive' means neither the property owner nor the tenant has incentive to make energy-efficient upgrades, even if those upgrades would save money in the long run. This is a big problem for Rochester where majority people rent their homes. Hence, the split incentive problem not only puts us behind in achieving our climate goals, but also restricts access to cheaper utility bills for renters. This hits disadvantaged communities hardest because they are more likely to rent and spend a bigger chunk of their income on energy. By resolving split incentive, Rochester can make progress toward its clean energy goals and ensure that benefits reach everyone, especially those who need them most.

## RECOMMENDATION: REQUIRE PROPERTY RENTALS TO GET AN ENERGY ASSESSMENT

Currently, all home owners are eligible for obtaining a no-cost home energy assessment from our region's NYSEERDA Clean Energy Hub – AMPED. This energy assessment provides home owners with recommendations on energy efficiency improvements, incentives and loan programs.

### WHAT THE COUNCIL CAN DO?

Require an AMPED inspection for newly rented homes and for older buildings constructed before the NY State Energy Conservation Construction Code of 2002 as part of the Certificate of Occupancy (CO) program. Additionally, the CO can offer homeowners an energy efficiency certification, which they may use to attract renters.

## RECOMMENDATION: DEVELOPING A CASE STUDY FOR ENERGY CONSERVATION ORDINANCE AND POLICY DEVELOPMENT

A smart policy-mix will blend building science with affordability and adaptability. It will consider various factors like building types, ages, historical significance, multi-family housing, and properties governed by Home Owner Associations. While other cities have their energy conservation codes which we can adapt from, Rochester can benefit from a tailored approach based on its unique characteristics.

### WHAT THE COUNCIL CAN DO?

Develop a case study, wherein homeowners can nominate their rental property for testing an energy performance standard. The nominations can be sampled based on need and property type. Then, the city will allocate funds to retrofit these properties with energy efficiency measures.

Based on this case study the City can (1) evaluate the alignment between the suggested standards and their reality, (2) analyze predicted energy and GHG emissions reductions attributable to upgrades made for compliance purposes, (3) perform a cost-recovery analysis for the upfront upgrades, and (3) solicit feedback from the rental property owners and renters on their impressions of the upgrades and performance.

Since the case study and its derived standards are tailored to Rochester, they can foster confidence in landlords to see energy-efficient upgrades as a wise investment into their homes' value.

## CONCLUSION

The city council has been perceptive to the growing need to address the region's climate resilience. Despite that, we are faced with climate goals which are steep. Resolving the split-incentive problem will not only reduce Rochester's net GHG emissions significantly, but has the potential to save residents of Rochester an estimated \$25,000,000 in electricity bills.

