

# Forbes

## Study: Energy Efficiency in Apartments Could Save \$3.4 Billion

Jennifer Kho, Contributor  
1/27/2012 @ 11:00PM

Photo courtesy of 401K via a Flickr Creative Commons license.

[Energy-efficiency upgrades in U.S. apartment buildings](#) could cut energy bills by almost \$3.4 billion annually nationwide, according to a new report this week from think tanks [CNT Energy](#) and the [American Council for an Energy-Efficient Economy](#).

The estimate includes \$2.03 billion in potential electricity savings and \$1.34 billion in potential natural-gas savings from retrofits such as more efficient lighting, appliances and air- and water-heating systems.

These types of measures could [slash utility bills for multifamily buildings](#) – in this case, defined as those with at least five rental units – by 15-30 percent, the study finds. That could be welcome news for apartment-building owners, who often get squeezed when energy prices rise. Multifamily buildings racked up energy bills totaling approximately \$18.03 billion in 2005, according to the report, and that number has likely grown alongside overall residential energy use since then. [Multifamily buildings accounted for 15 percent of U.S. energy consumption in 2005](#), the latest year for which this data is available from the U.S. Department of [Energy](#).

“We have billions essentially sitting untapped in our apartment buildings,” Anne McKibbin, CNT Energy policy director and a co-author of the report, said in a statement. “We can harness that by simply setting better policies for efficiency for apartment buildings.”

If so much money is up for grabs, why haven't apartment owners already upgraded? Energy-efficiency retrofits cost money, and – even if they expect the savings to quickly outweigh the



costs – owners can have a tough time scoring the financing they need to pay for the projects up front.

They may also end up getting fewer of the energy-efficiency incentives from utilities, which play a large role in spurring energy-efficiency technologies. (The ACEEE projects U.S. utilities will spend \$7.5-\$12 billion per year on electricity and natural-gas efficiency programs by 2020, up from \$4.3 billion in 2009.) Affordable housing, for instance, which is often made up of multifamily buildings, “receives a disproportionately small share of available energy-efficiency funding,” according to the report.

Better cooperation between utilities, states and municipalities could help make these apartment upgrades happen, the report concludes.

Here’s an example of where this falls short: Some states classify multifamily housing as residential, while some consider it commercial – and others don’t have a consistent category for these buildings. These inconsistencies can make it difficult to figure out which energy-efficiency incentives, if any, apartment buildings might qualify for.

While every state can improve the energy efficiency of its multifamily buildings, Florida, Illinois, Texas and the District of Columbia could stand to gain the most, according to the study.

Others also have been working on ways to open up the energy-efficiency market for rental housing. Earlier this month, a Deutsche Bank study suggested a way for mortgage lenders to confidently finance energy-efficiency retrofits for affordable housing. And the Federal Housing Administration and Fannie Mae last year announced a new loan program, called Green Refinance Plus, to fund energy- and water-saving upgrades for affordable rental properties.

[www.forbes.com/sites/jenniferkho/2012/01/27/study-energy-efficiency-in-apartments-could-save-3-4-billion/](http://www.forbes.com/sites/jenniferkho/2012/01/27/study-energy-efficiency-in-apartments-could-save-3-4-billion/)