



CITY OF SOMERVILLE, MASSACHUSETTS
JOSEPH A. CURTATONE
MAYOR

MEMORANDUM

TO: Somerville City Council

DATE: May 24, 2021

RE: Rental Registry and Energy Disclosure Ordinance

The newly introduced Rental Registry and Energy Disclosure ("RRED") Ordinance would create the City's first rental registration system and enhance transparency for prospective tenants. This is Somerville's next step towards addressing disproportionate health, safety, and energy burdens experienced by renters while improving city government functions. Importantly, this ordinance is also the first step towards reducing Somerville's contribution to climate change by nearly one-fifth through 2050.¹ The ordinance was put forth pursuant to an order by Councilor Mbah to create a rental licensing program to mitigate Somerville's largest source of greenhouse gas emissions.² Staff have connected with municipalities and nonprofits across North America and convened a cross-departmental working group within Somerville to deepen their knowledge. The initiative may have originated through climate action, but after years of research it is clear that many policy goals can be achieved by looking at solutions to health, housing, energy, climate, and city management issues all at once.

In Somerville, more than 80 percent of housing units were constructed before the first building code was enacted nearly half a century ago.³ Aging homes can pose health and safety hazards.⁴ According to the EPA, Americans spent an estimated 90 percent of their time inside their homes.⁵ According to in-house surveys:

- rental housing in Somerville is, in general, in "ill repair;"⁶

¹ *Somerville Climate Forward*, Office of Sustainability and Environment, City of Somerville, pp. 36, November 2018.

² Order ID#20195: That the Director of Sustainability and Environment create a rental licensing program. *Matters of Business*, Board of Alderman, City of Somerville, pp. 3, January 24, 2019.

³ 780 C.M.R.; 2012-2016 American Community Survey 5-Year Estimates: Somerville, MA, U.S. Census Bureau (last accessed 12/2018).

⁴ "According to the SomerVision Comprehensive Plan, over 60% of the Somerville housing stock was constructed prior to 1940, posing higher risk for environmental safety concerns such as lead and state of disrepair or aging systems as the housing stock gets older." *Wellbeing of Somerville Report*, Health and Humans Services Department, City of Somerville, pp. 37, 2017. Accessed through <https://www.somervillema.gov/sites/default/files/wellbeing-of-somerville-report-2017.pdf> (last accessed 05/18/2021).

⁵ *Report on the Environment*, Environmental Protection Agency, Indoor Air Quality, epa.gov, July 16, 2018. Accessed through <https://www.epa.gov/report-environment/indoor-air-quality> (last accessed 08/06/2020).

⁶ On average, 37 percent of Somerville households are experiencing at least one of four problems leading to disproportionate housing needs. These include "cost burden, severe cost burden, overcrowding, and substandard housing conditions." 24 C.F.R. § 5.152. More than half of Hispanic, Black, non-Hispanic and Native American, Non-Hispanic households and families in Somerville are experiencing at least

- renters are discouraged from reporting discrimination for fear of retaliation,⁷ a fear which may extend to serious code violations; and
- a majority of landlords do not pay for tenants' utilities.⁸

Inequities in the rental market persist beyond the condition of housing. It is important to ensure a minimum level of safety in the rental housing supply as well as meet our climate goals.

Rental housing units may lack energy-efficient features that help renters save on utility costs.⁹ "(E)nergy use is a necessity...the larger cost burden on low-income renters...arises from the lower energy efficiency of their housing, requiring more energy for a given level of comfort or service."¹⁰ What's more, "(i)n 2015, about 20% of U.S. households reported needing to sacrifice essentials such as food and medicine to pay energy bills and 11% reported they kept their home at an unhealthy temperature to avoid high energy bills."¹¹ Compounding crises due to the pandemic may have exasperated the situation for some households. In the first month of the pandemic, U.S. residential electric sales increased six percent compared to the past five years due to the pandemic.¹² City staff offer programs and resources, but do not have an accurate nor convenient way to contact owners of rental housing nor access information about rental housing that is necessary to carry out daily functions and address larger issues more efficiently and effectively.

By implementing a rental registration program, owners of non-owner occupied housing units would be required to provide contact information and report basic information about rental properties. An energy disclosure is intended to give prospective renters a better idea of the total cost of living for a given rental unit. To build on progress made through RRED, we will look towards phasing in proactive enforcement of health and safety standards as well as standards to reduce greenhouse gas emissions. The City is developing a path to obtain these objectives that not only creates a self-sustaining program, but also minimizes the cost of compliance for property owners, the risk of displacement for renters, and the risk of inflating rental rates above current market trends.

The RRED Ordinance is the next step for Somerville on the path towards:

one of the four problems. Over 40 percent of both Asian or Pacific Islander and Non-Hispanic and Other, Non-Hispanic, and non-family Somerville households are experiencing at least one of four problems. This is compared to just over one-third of White, non-Hispanic households facing one of the four problems, despite making up three-quarters of the City's population. *Assessment of Fair Housing*, Office of Strategic Planning and Community Development-Housing Division, City of Somerville, pp. 15, 45-48, October 2017. Accessed through www.somervillema.gov/sites/default/files/assessment-of-fair-housing-2017.pdf (last accessed 07/28/2020).

⁷ *Id.* at 87.

⁸ References results from a survey of landlords conducted by the City of Somerville Office of Sustainability and Environment in 2019. In Massachusetts, an estimated 75-79 percent of tenants pay for electricity separately from rent. Riordan Frost, *New Strains on Home Utilities During the Pandemic*, Harvard Joint Center for Housing Studies, July 23, 2020. Accessed through <https://www.jchs.harvard.edu/blog/new-strains-on-home-utilities-during-the-pandemic/> (last accessed 08/05/2020).

⁹ A "typical renter directly paid...four percent of household income for energy use in 2011...For lowest-income renters, tenant-paid household energy costs represent 15 percent of income." Michael Carliner, *America's Rental Housing: Reducing Energy Costs in Rental Housing-The Need and the Potential*, Joint Center for Housing Studies of Harvard University, Research Brief 13-2 at pp. 1, December 2013. Accessed through https://www.jchs.harvard.edu/sites/default/files/carliner_research_brief_0.pdf (last accessed 07/07/2020).

¹⁰ *Id.* at 1-4.

¹¹ Sneha Ayyagari, *Equity and Climate: A Solution for Home Rentals*, Rocky Mountain Institute, November 19, 2017. Accessed through <https://rmi.org/equity-and-climate-a-solution-for-home-rentals/> (last accessed 08/06/2020).

¹² Riordan Frost, *New Strains on Home Utilities During the Pandemic*, Harvard Joint Center for Housing Studies, July 23, 2020. Accessed through <https://www.jchs.harvard.edu/blog/new-strains-on-home-utilities-during-the-pandemic/> (last accessed 08/05/2020).

1. Creating a process for proactive enforcement of health, safety, and climate standards that transfers the burden of reporting violations away from renters.
2. Improving equity in Somerville's rental housing market by creating safer, healthier, and more energy-efficient housing available at comparatively lower price points.
3. Decreasing utility customer bills allowing more flexibility in monthly budgets for other needs, such as food, medicine, and education, putting dollars into the local economy.
4. Reducing Somerville's contribution to climate change by nearly one-fifth through 2050, meaningfully contributing towards meeting community-wide carbon neutrality goals.

Your support for the approval of the RRED Ordinance would help Somerville take the next step towards addressing known health, housing, energy, climate, and city management issues of Somerville's rental market by improving the quality of housing available at comparatively lower price-points without unreasonably burdening small-scale landlords. Thank you for your time and consideration.