

MEDIA ALERT FROM SPEEDREAD TECHNOLOGIES:

**EPA-SPONSORED REPORT FINDS BILLING RESIDENTS
FOR WATER SEPARATELY FROM RENT CAN
CONSERVE SIGNIFICANT AMOUNTS OF WATER**

Can Help Municipalities Delay Costly Infrastructure Expansions

FOR IMMEDIATE RELEASE

CONTACT: Bernard Hasten
SpeedRead Technologies
317/824-4544
bernard@speedreadtech.com

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WASHINGTON, DC Municipalities and policy makers seeking incentives to improve water conservation should embrace direct water billing by the apartment industry, according to a new study produced in cooperation with the U.S. Environmental Protection Agency (EPA), 10 municipal water utilities and two national apartment associations.

The National Multiple Family Submetering and Allocation Billing Program Study, a three-year effort to determine the water savings potential in the apartment sector from requiring residents to pay for their water consumption separately from their rent, found that **billing residents for their water usage by direct metering could reduce annual water consumption by an average of 15 percent.**

This latest research supports the apartment industry's long-held contention that people tend to value things they pay for, noted Eileen Lee, Ph.D., Vice President of Environment for the National Multi Housing Council/National Apartment Association Joint Legislative Program and a study sponsor. Unbundling water charges from the typical rent payment can provide consumers with an important signal about the price of a resource. Not only do residents use less water when they are paying directly for it, but it also makes them more aware of the importance of immediately reporting plumbing leaks in their homes.

This unique collaborative project shows the degree to which water billing is one of those rare issues that unites water providers, regulators, conservation groups and apartment owners, explained Lee. Water is a precious resource, and many drought-stricken regions are finding it increasingly expensive and difficult to obtain new supplies. Meanwhile other cash-strapped areas are looking for ways to postpone costly new water treatment plants and other infrastructure investments required to keep up with current demand.

The research, conducted by Aquacraft under the direction of Dick Bennett of the East Bay (CA) Municipal Utility District, found that fully **85 percent of apartment properties still include water in the rent.** This suggests there is enormous conservation potential if utilities use their avoided costs to provide incentives to property owners to upgrade plumbing fixtures and implement direct billing programs.

Direct water billing is a natural response to growing water shortages, noted Barbara Vassallo, Esq., Vice President of State and Local Policy for the National Apartment Association. Before the energy crisis of the 1970s, electricity was typically included in rent. Today billing residents directly for the electricity they use in their apartment is standard practice, and by all accounts, this has significantly reduced electricity usage.

The report's authors concur, writing "direct metering and billing of water for apartment residents encourages water efficiency and promotes a water billing system as transparent as other utilities like gas and electricity, phone and cable, whereby residents pay for what they use."

In addition to recommending the installation of water submeters on apartment properties, the report also recognizes the value of water-efficient plumbing fixtures and suggests that properties built prior to 1995 retrofit with water-efficient fixtures prior to undertaking a water billing program. It also calls on policymakers to establish incentive programs to facilitate the acquisition of these fixtures. The report further recommends that EPA cease to apply certain federal Safe Drinking Water Act requirements to apartment properties that bill their residents separately for water, since billing has no impact on drinking water quality.

The practice of **using an allocation formula** (based on the unit's square footage, number of taps, etc.) instead of a submeter to estimate water consumption for each apartment unit was **not found in this study to have a statistically significant impact** on water consumption. Although study authors acknowledge that their research focused primarily on properties in the Southwest and that they might have documented more water savings from allocation billing if they had been able to study more buildings on the East Coast, where it is often impractical to retrofit older properties with individual water meters.

This finding directly contradicts the finding of an earlier study conducted by Industrial Economics which showed that alternative (non-metered) water billing properties use between six and 27 percent less water than properties where water is simply included in the rent, said Lee. It is important to remember that it is not feasible to install submeters in all properties, particularly in older mid- and high-rise apartments. In addition, some areas of the country prohibit Point of Sale meters, so water allocation may be the only bridge to resident billing.

We support the report's call for additional research into water allocation as an alternative to submetering to determine whether different areas of the country, responding to varying water price signals, weather conditions and public awareness of drought conditions respond similarly.

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NAA and NMHC operate a Joint Legislative Program and represent the nation's leading firms participating in the multifamily rental housing industry. NAA/NMHC's combined memberships are

engaged in all aspects of the development and operation of apartment communities, including ownership, construction, finance and management. Together, the organizations jointly operate a federal legislative program and provide a unified voice for the private apartment industry. Almost one-third of Americans rent their housing, and nearly 15 percent of all U.S. households live in an apartment home.