



Greetings from the Vision2Action Symposium!

Healthy Energy Improvements for Rental Homes

Thursday February 13th, 2014 • 12:00pm – 4:30pm

Hosted by: Thurston County Public Health & Social Services, 412 Lilly Road NE, Lacey, WA

For those who were there: Thank You for your attendance and participation in the recent Symposium. This is a concise synopsis of the proceedings. Please take a moment to complete our follow-up survey about the event ([click here](#)).

For others who are interested: Read on to discover the data, knowledge and creative collaboration shared at the event; and consider attending or co-sponsoring a future V2A!

Acknowledgements

This Event would not have been possible without the generous support and collaboration of the co-sponsors of this event: and courageous volunteers:

**The Northwest EcoBuilding Guild
Thurston Energy
Thurston Climate Action Team
Thurston County Public Works
Thurston County Public Health and Social Services
City of Olympia
City of Tumwater
Hometown Property Management
Olympia Federal Savings
Homes First!**

**Amy Buckler
Mark Rentfrow
Bethany Alender
Brittany Payne
Chris Hawkins
Graeme Sackrison
Kyle Weise
Barb Scavezze**

And our dedicated event organizers Chris van Daalen and Susan McCleary.

What follows is a Report to the Community (pgs. 2-X), with several appendixes containing action tables, detailed notes and background info / data resources, including many web-linked resources. Appendixes include:

1. Appendix A: Action Tables
2. Appendix B: Raw Meeting Notes
3. Appendix C: Logic Model Diagram
4. Appendix D: Background Paper



Report to the Community

from the Vision2Action Symposium:

Healthy Energy Improvements for Rental Homes (HEIRs)

A strategic conversation with landlords and renters, construction and energy experts, and with utility, housing, and health leaders.

Thursday February 13th, 2014 • 12:00pm – 4:30pm

Organized by: The Northwest EcoBuilding Guild, Olympia WA

Hosted by: Thurston County Public Health & Social Services, 412 Lilly Road NE, Lacey, WA

The HEIRs Symposium was attended by 95 people representing a broad cross section of individuals, companies, and organizations concerned with the rental housing stock of Thurston County and surrounding communities. We gathered for 4 hours to explore a potential market-based solution to the *split incentive* faced by landlords and renters in the market as it currently works for most people, a market failure which impedes the owners' investments to improve energy efficiency. A Keynote Presentation and Panel of Local Experts set the stage for a collaborative conversation in which participants joined cafe-style breakout groups to discuss detailed ideas for a common action agenda. Find video of these presentations at www.Vision2Action.us.

The HEIRs Symposium was a sequel to the *October 16, 2012 Vision2Action Symposium on Green Building Real Estate Valuation* – participants at that meeting recognized and resolved to address an unmet need in the rental housing market. An ad-hoc partnership of more than a dozen groups formed to develop the vision and organize the HEIRs Symposium, and met five times between October 2013 and January 2014 to develop the Vision and plan the event.

Exciting Outcomes

The specific topic and engaged participants made this symposium very productive. Attendees contributed their diverse interests and experiences, and together sought a *convergence of interests* that could drive healthy energy improvements. There was energized discussion about several ideas including how to empower renters through education and outreach; how to improve landlord – tenant relationships; give landlords access to incentives, data and assistance to evaluate and renovate their properties; create a virtual online marketplace where landlords and renters can find reliable information on healthy efficient rentals, and all the resources available to help improve their homes. There was discussion of creative financing mechanisms which could accelerate the rate of improvements, create jobs and take a chunk out of our communities' greenhouse gas emissions (GHGs). These and other action items are detailed in Appendix A: Action Tables.

The Presentations:

Participants received a heartfelt welcome from Health Department Director Don Sloma who said he was happy to host *this* Symposium because Housing, it turns out, is one of the biggest influencers of health in our community. He described the Health Dept's cadre of volunteer [Healthy Home Stewards](#) who offer free in-home assessments to residents upon request. Sloma was confident that the Thurston Thrives initiative and Symposiums like this would help them partner with the building community and others present "who keep the roofs over our heads." "Thurston Thrives," he said "on cooperation and collaboration."

Symposium Facilitator Chris van Daalen began the formal presentations by citing some surprising statistics about Thurston County's rental housing: In Olympia and other urban areas nearly 50% of homes are rentals, and nearly 78% of low-income renters cannot afford the homes they live in. Paying for utilities is the top concern of such renters for meeting their basic needs, with paying for rent a close second. He passed out the background paper written for Symposium participants with data, definitions and assumptions about the market-based solution being proposed. He then explained the team's logic: If ample healthy, efficient rental housing is what we want, that's a challenge no single group can solve on its own. So we must work together to have a collective impact -, so our goal is to have a common action agenda so the groups present can partner and each do their part.

We then heard an engaging presentation from Steve Abercrombie, President of the Northwest EcoBuilding Guild, South Sound Chapter. He shared a familiar experience for many renters: signing a lease on short notice, based on little or no information, and then being stuck in a home with high energy bills, drafty windows or worse. "Information is the problem" he said "there's too much of it. Landlords and Renters need a way to cut through the noise to find relevant information fast." He shared the team's Vision for a market-based information solution including a web-based database where renters and landlords can come together with the information they need to make better decisions and do the right thing. Steve explained the planning team's strategy to focus efforts on stimulating early adopters in the middle of the market – mid-value single family properties, so others on the low end and high end of the market will follow suit.

Such strategies, he said could help resolve the split incentive between landlords and renters, in which the landlord has to pay for any improvements, but the renter receives the benefits. Their interests usually diverge, but there is a possible convergence of interests, a "return on investment" from rental energy improvements, when landlords consider the improved asset value, reduced turnover and better tenant relations, and the social and environmental benefits of rental home improvements. Beyond direct benefits, he explained, HEIRs create good jobs in the local community that cannot be exported. He challenged participants to build on these ideas and create an action plan to move forward.

The discussion then turned to a panel of local experts:

First was Wayne Ballew of Puget Sound Energy, who talked about PSE's commitment to energy efficiency since the 1970s, a long-term strategy to manage growing demand with limited energy resources. "It's cheaper to save it," he explained, "than to build it, buy it and transport it." In his previous role as senior energy advisor, he helped renters and other customers with tips and resources to save energy, explaining the least-cost methods to save money on the bill and increase comfort in the home. PSE's rebates for energy efficient heating systems and other improvements are all available to landlords, though they don't often take advantage of them.

Aisheh al-Louzi represented a renters' perspective, describing the health impacts on her family from living in a rental home where the landlord cut corners and painted over mold rather than incur the cost of permanent improvements. As a result, her daughter had 35 ear infections, ear tube surgeries and a case of pneumonia in the first three years of her life. "As renters we may not exercise our rights to address health problems because there is a fear of eviction." There are many resources available though, to both renters and landlords, so there is a need to focus on education to help people see the benefits of healthy energy improvements. She urged those listening to "be part of the solution... [which] requires collaboration with government agencies, tenants, community housing advocates, builders and landlords."

Ramsey Zimmerman, Director of Thurston Energy at the Thurston Economic Development Council, described how his program began under the 2009 stimulus to create jobs through energy efficiency improvements. He's seen a lot of home improvements happen since then, and the growth of employers like Echo Energy (now with 8 employees) that got started through their program. But because of the split incentive, most of their work has been on owner-occupied rather than rental homes. To change that, "the trick is to have good information at the right time" for renters: at that critical juncture when they are looking, and for landlords: at the transition between renters or when buying or selling a property. He said that PSE's free Home Print energy assessment is a great way to start a conversation between renter and landlord, and their more comprehensive Home Plus energy audit provides more detailed data and recommendations, for which they offer a \$200 instant rebate. He also described a new information product they are rolling out, *Home Profile*, designed to enhance a property's "energy curb appeal" by describing valuable improvements and the home's Energy Performance Score in an accessible way that's interesting to regular folks who spend only 6-9 minutes each year thinking about energy. He asked the group for feedback on this as they will start rolling it out soon.

The panel continued with Kyle Kennemore, a building science expert with Echo Energy, describing how his company uses building science and Energy Performance Score (EPS) software to get a clear picture of the house as a system – before recommending upgrades. This allows for better planning and implementation of the most cost-effective solutions first, to maximize the return on investment and increase comfort of the home. "Rental properties are an investment which needs to be protected," he explained. "If we airseal, provide adequate ventilation and insulation to today's standards, the furnace runs less. This saves the renter money, and increases the lifespan of the equipment, makes the building last longer, not as much upkeep down the road... Most of the upgrades that are good for the people in the house are also good for the structure." Like previous speakers, Kennemore emphasized that education is key, including educating renters how to live in and operate a house with energy efficient improvements.

He was followed by Shelley Westall, a private landlord who owns and manages two properties with her husband as a long-term investment. With this in mind, they took advantage of available rebates and incentives, and brought in a building scientist from Echo Energy to provide them an Energy Performance Score and recommend upgrades that would benefit their tenants while improving their rental asset value. While they appreciate the security that rental income brings, they're in it for the long haul and so are their tenants. "Partnering with our tenants, good communication...that's part of building trust," said Mrs. Westall. "When they first come to us as renters, we tell them - we want to know every little detail. So they call us and let us know about problems, and we take care of them quickly." After replacing the heating system with a more efficient one, a tenant signed a new 3-year lease and said she intends to stay in the house the rest of her life. "That's the kind of tenant you want."

Andrew Barkis, owner of Hometown Property Management agrees, and has been partnering with Thurston Energy and Echo Energy to build value for his clients, but on a larger scale (they own and manage >1,000 properties). Barkis' company is an "early adopter" and has utilized PSE's Home Print, available rebates and incentives and the services of Echo and Thurston Energy for years to build owner education and HEIRs into their property management process. Energy Audits and EPS Scores are now standard practice with every new contract, used to present owners with a long-term strategy for investing in efficiency to build asset value and provide a quality product. With existing clients, they try to audit and improve homes in that critical time between tenants.

After 23 years in the industry, they're at the top of their game, just at a time when the rental housing

market is growing rapidly. According to Barkis and others agreed, national demographics and the unique features of our South Sound market, mean that renting rather than owning their home is a preferred lifestyle choice for more people. Barkis: “The numbers don’t lie. The dynamic generation behind me wants to be mobile, have choices... not be burdened with traditional mortgage, taxes, etc.” This applies to a lot of military families (JBLM), who tend to rent to retain their mobility. The Recession also created a lot of “reluctant landlords,” people were facing foreclosure or having to move for work and instead of selling, moved out of their homes, becoming renters and landlords in one stroke so they could hold their properties until the market improved. Many owners have limited ability to invest in HEIRs due to their circumstances, he explained, even with a strong rental market.

Andrew also pointed out a peculiar feature of the rental housing stock: Many of their properties are newer homes built since the 1990s when advanced Energy Codes came into play. “You would think these are more energy efficient, but not necessarily. We find a lot of construction related issues, shortcuts taken, discovered after the fact.” This sparked a conversation about applying building science to improve construction practices, and the need for education, incentives and collaborative strategies to bring more properties up to and beyond current energy codes - including newer ones that were supposedly built under those codes.

Lively, Generative Discussion

The presentations set the stage for a lively generative discussion among the cross section of stakeholders present. Author and Consultant Gar Lipow and others from the “Climate Crisis Group” explained a unique proposal to combine conduit bond financing for HEIRs with an “On-Bill Repayment” (sometimes called “pay as you save”) designed so renters can repay the up-front costs over time on their bill, out of the money they save on energy due to improved efficiency. By contracting a non-profit to distribute funds the organization, not the taxpayers are on the hook to satisfy the bond. Executives from Generations Credit Union were on-hand to describe their successful and growing Weatherization lending product, and Oly Fed was there to showcase their “Green Choice” lending program. It was agreed that such financing strategies are crucial to “unlocking the ROI” (return on investment) of healthy energy improvements for many more properties, while creating good jobs and reducing greenhouse gas emissions.

Comments by both renters and landlords present showed strong interest and support for energy audits and helped clarify the difference between PSE HomePrint and the more in-depth HomePlus audit offered with rebate by Thurston Energy. TE’s new HomeProfile Report also attracted interest because by “testing out” after improvements are done, it captures the benefits for sellers, brokers and buyers. Consultant and real estate educator Fiona Douglas-Hamilton explained that Appraisers also have new tools, such as the NW Multiple Listing Service new “Green Fields” addendum and Field Guide booklet to help quantify that value. Social psychology research shows its not data alone that gets people to act, but awareness of what their neighbors are doing that really drives behavior change. So the info from HomeProfile, MLS Green Fields, OPower comparative data should be used to better “tell the story of a home” in some cases using Facebook, Twitter and other social media.

Showing the “ROI” of energy investments is important, but there is no clear economic driver for health, said local building contractor and energy expert Joseph Becker. “How do we put a dollar value on the health of our children?” he asked, and spoke about his service project with a local church to build “warm window inserts” to weatherize leaky windows at no cost for low-income families. Participants reinforced the assertion that renters are sometimes afraid to report mold and health issues to their landlords, but they shouldn’t be because Washington has the most comprehensive Landlord / Tenant

law to protect them. It still happens though, so again education was seen as key to improving landlord / tenant relations and increase healthy efficient home improvements.

The next part of the Symposium was perhaps the most productive - the “World Cafe” breakout session during which participants were mixed into small groups to contribute more ideas, analysis and actionable strategies coming out of the presentations. Although space and time don’t permit an analytical recap of these discussions, the raw notes from the cafe groups is included as Appendix B, and actionable strategies coming out of those discussions are outlined in the HEIRs Action Tables, Appendix A.

In Summary, the Symposium was a powerful conversation that revealed a strong potential convergence of interests for healthy energy improvements - between landlords and renters, as well public health, environmental and housing affordability advocates who attended. Leading companies have crunched the numbers, applied advanced building science, methods and technology, and concluded that the biggest obstacle is not showing return on investment. It is rather education, access to the right information and data at the right time, and deployment of existing and potential incentives and financing mechanisms that will help overcome the split incentive identified as the biggest impediment to more healthy energy improvements for rental homes. Top strategies identified by the planning team and participants for future action on this issue include:

- Research and data analysis: to better describe the housing and ownership characteristics of the target market(s) for HEIRs.
- Working with local municipalities and utility providers to improve access to useful data on rental home energy usage
- Use Building Science (energy audits) to deliver right information at the right time.
- Renter education programs: A pamphlet, website and/or community based programs
- Landlord education: The Business Case for HEIRs, available incentives and financing, case studies on alternative business models, and supportive marketing strategies.
- Marketing Strategies: Create a “rental rating” website virtual marketplace, Home Profile report, Appraiser education and other strategies to document real value of efficient rental homes
- Financing Mechanisms: NO FEAR proposal for on-bill repayment, strategic support of existing lending programs, Landlord “insurance” risk reduction pool
- Community Health: Collaborate through Thurston Thrives with HOME consortium, builders, economic development and finance players, promote Healthy Homes Stewards program.

For more details, read attached Appendices. Or contact a member of the Planning Team

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APPENDIX A: HIERS ACTION TABLES

Section A: Data and Research

	Action Item	Description	Timeline	Responsible Parties
A1	Literature Searches on variety of topics including national programmatic examples	Topics include: HEIRs example programs; residential EE financing packages; Tenant retention; ROI of utilities included in rent, etc.		Olympia FOR, Thurston Energy TCAT WSU Energy Program & Library?
A2	Research and data analysis to better describe the housing and ownership characteristics of the target market(s) for HEIRs.	Crunch Census #s to describe rental stock by value, age, improvements, property owner address etc. for Thurston county; quantify target market trends Can we get GIS layers for renter-occupied housing demographics to use in prioritizing outreach and delivery efforts?		Support from TRPC?
A3	PSE Response to questions posed at the Symposium	Communique to PSE from NWEBG / TE - needs to include Team follow-up questions as well (see Renter Eduction)		NWEBG / Thurston Energy

Key Partners: Data and Research

Name	Role
Gar Lipow, Pat Holm, Jack Zeiger Washington Fellowship of Reconciliation, Climate Crisis Group	Research
Ramsey Zimmerman, Thurston Energy ramsey@thurstonenergy.org (360) 754-6320	Research and Communications
Chris & Susan, NW EcoBuilding Guild	Formulate communique to PSE
Thurston Regional Planning Council	Research, Coordinate GIS mapping if possible

APPENDIX A: HIERS ACTION TABLES

Section B: Renter Education

	Action Item	Description	Timeline	Responsible Parties
B1	Tenant outreach information Pamphlet with resources that can help empower renters to save energy & money	Pull together resources from PSE, TE, NWEBG, WLA, PHSS, others? Graeme will take first cut, Ramsey will review. Be deliberate and strategic about what goes in, how it is presented. Types of info: DIY do's and don'ts. Warm Window inserts. Home Print. Renter Checklist / FAQ's. Healthy Homes Stewards. How to talk to your landlord. Landlord Tenant law.		TCAT Thurston Energy TC - PHSS
B2.	Community-based healthy efficient rental homes campaign including door-to-door outreach; social media; community projects; public events.	Needs: - Discussion with Health Department - Goal of improving LL/T relations - Survey people to know what resources they want – package responds to those desires including info, projects, events. - Balance with interests of/opportunities for multiple stakeholders. Define parameters of success for events (motivation, affinity/synergy, timing)		NWEBG, TC - PHSS Approach Neighborhood Assns? CACLMT
B3.	“Ready to Rent” curriculum from PDX	8 wk program to qualify high-risk tenants, combined with landlord insurance or risk reduction pool		Schelli Slaughter, Family Support Ctr.
B4.	PSE – New customers get HomePrint information when they open account	How can community help promote HomePrint as a gateway to better LL/T relations, HEIRs		PSE, TCAT, NWEBG, Thurston Energy, Dept. of Health, muni's . CACLMT
B5.	Work with PSE to establish process to seek individual permission from account holders to release information	Include question on how to proceed in communicate to PSE. Seek response. Alternative approach - develop with HPM or obtain a lease agreement template, i.e. “scissor” agreement; present to PSE in a memo that outlines the situation and request them to render an opinion. Paperwork for renters to sign on the way out the door, to allow landlord access to data.		Thurston Energy PSE Local Municipalities
B6.	PSE – piloting OPower data program to compare usage with neighbor aggregate	PSE selects municipal markets for participation, but hasn't announced that yet for 2014		PSE

*(blue text items were added after the Symposium; blue text people/orgs - willingness to participate not confirmed)

APPENDIX A: HIERs ACTION TABLES

Key Players: Renter Education

Name	Role
Ramsey Zimmerman, Thurston Energy ramsey@thurstonenergy.org (360) 754-6320	Research and Communications
Graeme Sackrison, Thurston Climate Action Team graeme.sackrison@gmail.com (360) 791-8376	Create Renters Pamphlet
Wayne Ballew, Puget Sound Energy wayne.ballew@pse.com 360-786-5957	Coordinate with community
Ann Mountjoy-Venning, Chris Hawkins, Don Sloma: Thurston County Public Health and Human Services	Healthy Home Stewards Program

APPENDIX A: HIERS ACTION TABLES

Section C: Landlord Education

	Action Item	Description	Timeline	Interested Parties
C1	Business Case for HEIRs - Landlord Presentation	1) <u>Research</u> - examples of projects, cost/benefit analyses, anecdotes 2) <u>Develop</u> - articulate bullet-point biz case including asset value, retention, risk reduction, resale value, distinction, social/enviro benefits, others 3) <u>Draft</u> - lay out first draft of 2-pager 4) <u>Review</u> - email or focus group discussion with stakeholders 5) <u>Produce</u> - edit, polish and then produce outreach piece in PDF and printed form	Build the case over time	<i>Thurston Energy</i> , Echo Energy, Hometown PM, WSU , NAPMA , WLA (Gar will do a lit search, confer with Energy Library)
C2	Case Studies – on Utilities included with Rent business model	Research effort to find examples, look at downsides. City of Lacey (water), Ron Cox, Donna Dittmer		TCAT, Echo Energy, HPM, WSU , NAPMA , WLA (Gar lit search, Energy Library)
C3	Workforce Education	Contractor best practices, training for their role in educating landlords and renters.		Echo Energy, Thurston Energy, NWEBG, WSU
C4	Ask Landlords – what would help them	What DIY solutions for renters to do? What information helps you objectively understand the real need, see the benefit.		WLA , HPM , Shelley Westall
C5	Landlord / Renter relationships	Understand the role Property Manager plays as an intermediary; how to empower people to replicate that positive engagement absent the intermediary. Landlord/renter dating ... www.RentHarmony.com		

Key Players: Landlord Education

Name	Role
City of Lacey	Look to their landlord incentive for water conservation
Fiona Douglas Hamilton, SEEC LLC (360) 561-7383 fiona@seecolutions.com	Connection to Realtor / Appraiser industry
Ramsey Zimmerman, Thurston Energy ramsey@thurstonenergy.org (360) 754-6320	Research and Communications

APPENDIX A: HIERS ACTION TABLES

Section D: Marketing Strategies

	Action Item	Description	Timeline	Responsible Parties
D1	HomeProfile	Thurston Energy now accepting requests for HomeProfile (free) – raise awareness of availability of services; get feedback; getting other groups/systems to adopt it (e.g. WLA, Property Management companies, Rental Listings, RRW)		Thurston Energy Hometown PM Other Partners help promote SEEC LLC? WLA?
D2	Rental Rating Website	Collaborative design of information product; test for interest from Early Adopters, get design input. Crowd funding for website? Check out http://housingsearchnw.org/ - perhaps build off this website?		NWEBG, Thurston Energy etc. Thurston County Board of Health?
D3	Research to define and understand the Rental Housing Market	Understand LL/Renter demographics, types of LLs, their values and goals, property values; define success – target the menu options to different landlords.		Olympia FOR, Thurston Energy. TCAT WSU Energy Program?

Key Players: Marketing

Name	Role
Steve Abercrombie, NW EcoBuilding Guild South Sound Chapter steveabercrom@gmail.com	Explore development of Rental Rating website
Chris van Daalen; Northwest EcoBuilding Guild cvan@theverdantgroup.com (360) 789-9669	Explore development of Rental Rating website
Fiona Douglas Hamilton, SEEC LLC (360) 561-7383 fiona@seecolutions.com	Unique knowledge & resources re: Realtor / Appraiser practices for recognizing green asset value
Ramsey Zimmerman, Thurston Energy ramsey@thurstonenergy.org (360) 754-6320	Research and Communications

APPENDIX A: HIERS ACTION TABLES

Section E: Financing Mechanisms

	Action Item	Description	Timeline	Responsible Parties
E1	NO FEAR on-bill financing	Discussion with utility and non-profit weatherization provider, approach government agency – small collaborative group. SWOT Analysis.	Initial meeting soon	WA Fellowship of Reconciliation John McLean
E2	PACE financing	There is a conflict with the State constitution which makes this solution a non-starter, but more investigation may be warranted		
E3	Work with Banks to Target vacant properties?	Approach OlyFed with this? Washington State Employees Credit Union		Jerome Parker approaching WSECU
E4	Find out more about Puget Sound Cooperative CU progrm			

Key Players: Financing Mechanisms

Name	Role
Washington Fellowship of Reconciliation: Climate Crisis Group	Investigate, Advocate and Organize for NO FEAR proposal.
Washington Housing Financing	
Dept. of Commerce	
WSU Energy Program	
Climate Solutions	

APPENDIX B: RAW MEETING NOTES

World Café and Harvest of Ideas: Raw Notes **Education & Marketing**

Not one solution we need a multi-pronged approach
Get beyond short term thinking
Tenant- comfort, air quality, health
Owner- integrity of the home
All sectors communicate- for house as a whole system
Part of the problem- Technology keeps changing education
New technology (infrared) assist with education
Leverage existing groups to do education-Distinctive branding and awareness
Question of whether it is a buyers or seller's market?
Reducing CO2 helps future generations
Thurston County has worst air quality in the region- Wood stoves
Outreach is different for each population- seniors, families, fixed income etc.
Develop specific strategies for each group
Education programs/information
Education and Communication
More education and communication to both about available rebates & habits
Partners in Education Program- RiverRidge Schools
Fits into financial education initiatives like Generations does for customers, schools "Financial Reality Fair"
More info and education- understanding long term benefits as common knowledge/ share compelling vision held by community to craft leadership and ownership responsibilities
Provide/lend kill – a-watt meters to tenants- access to Smart strips & other energy saving devices
Value rental housing stock as a community norm

Educate landlords and tenants

Educate renters and landlords
Getting landlords and renters together to cooperate and solve problems

Renter Education

How to give renter info B4 they rent? A lot of renters are not experienced are asking the right questions, go beyond word of mouth
Empowering renters: Home Prints, info n Craig's list, break info down into simple terms, younger people perhaps
Free- Home Print assessment
Ads on Craig's list
Tag energy efficiency info onto landlord/tenant rights website
Renters- Education, tenant rights, open communication, feedback to landlord, energy use awareness- borrow kilowatt meter use smart strips
Renters don't know what to do-Provide someone to give training to tenants- Healthy Home Stewards in the "first Day Kit"?? or maybe later
Canvas door to door- take surveys, give out freebies CFLs & low flow shower heads etc.. organize workshops based on survey responses
Window insert- renter sweat equity- no impact on structure- cost effective, empowering
Window insert program for renters
Classes for tenants on how to save \$\$ on heat bills with rewards
Show savings with monetary benefits
Education through financial management classes i.e. Dave & Ramsey
Educate occupants on how to improve indoor air quality by practicing good living habits
Mandatory class for new renters to educate (move in class)
Educate about changes in house operations when upgrades/ changes are made
DHHS checklist for renters
Rental rating database; Social media campaign; Canvassing; Renters rights education; Utility bill inserts; One stop shop for renters
Tenant info with action packet tied to website
Renter education
Renter choice- see a measurable/ tangible difference
Renting by choice- make good choices
Renter- pays attention to bottom line and usage
Tenant communication skills
Renters need to empower themselves
Renters need to be responsible

APPENDIX B: RAW MEETING NOTES

Landlord Education

Enlist big builders and make win-win for them
Free- Home Print assessment
Knowledge and education-Home Profile, more in depth
Home Profile/ Home Plus audit very worthwhile
Where do you find EE info?
Better incentives for landlords- more information to landlords on what they can do for IAQ- check list
Add into financial education- “Financial Reality Fair”
3 to 4 per year
LLs: rebates, outreach, timing & occupancy, no up-front costs, rebate aggregator website, renters guide
Good relationship between landlord and lender- 0 communications
More landlords engaged? What will it take? Capital preservation, Biz 101 for landlords/inspire landlords reduce tenant turnover & vacancy rates
Extensive checklist for landlords Many free programs are available but not known
Educate landlords about incentives & rebates available!
Classes for landlords-incentives
Tag energy efficiency info onto landlord/tenant rights website

Rental Rating Website

Comparative/Rating
One stop shop website; info for landlords & renters
Support; calculator; lease/contract
Social media campaign; appeal to early adopters
Target early adopters see & hear others successes
Owner needs to be convinced to participate
Rating database
Rating System
Rental rating/transparent rentals- how can we compare one to another?
Rating rentals- transparency, utilities info
Make energy audit reports available to both renters and landlords
Provide status of home to renters and owners
Provide records of previous years energy bills
Simple standardized system

low cost-Honest Rentals through website and cooperation with landlord and renter, increase accountability
Local rental housing website- Home and property mgmt. need to meet criteria to be listed (EE, indoor air quality, walk score etc.. can include info for renters- renter education/ tenant resources
Beyond energy- air quality, comfort
Facebook for properties- honor roll of properties
Landlord association newsletter with info about website and one stop shop info on rebates
Voluntary ratings and information profiles- transparent rentals- information clearing house
Certifications? Ratings? Inexpensive mold testing?
If you have a good unit you will attract good tenants
“Honest Rentals” info tour on web – “Green Leases” now being done for LEED commercial buildings
Pre-inspection: Between landlord & company or renter
One stop shop for rebates
Catalog of low cost fixes, priority list of fixes
Energy audit brochure & distinctive logo for rental signs & list of efficient rentals, could be selling point
Implement a website with homes that have done, incorporate into MLS
Feedback on comparable home bills
This would empower renters and give market signal to landlords especially when considering properties to buy
Rewards program

Data and Research

Boomers and millennials driving the rental market
Need more demographics on who are renters- now and in the future: More sensitive and savvy?
More desperate and cost burdened?
Boomers & Millennials- well educated and informed
Look at the demand side-younger people are more galvanized in “green” they want to rent more they can create their own push by their own perspective
Demographics of renters- increase in proportion (50% of Oly residents), life-style choice
Analyze utility bill data to identify high turnover rates and identify problem homes
Research renters’ response to energy savings

APPENDIX B: RAW MEETING NOTES

How do we incentivize renters? Data Bar-graph comparative costs

Inventory age of existing housing stock to determine upgrade potential

Housing Affordability & Health - Policies

Insurance companies identify asthmatics who have been hospitalized-upgrade their homes

Low income tenant- See a lot of health issues

Mold and damp if heat is off

Difficulty of getting help with indoor air quality issues, leases hard to access

Renters are trapped

Tenant fear of rent spike from EE improvements

Dynamic of LL & Renter- Renters fear? They shouldn't, LL wants the feedback!

Renters: Awareness of landlord/ tenant laws and rights, keep feedback in the utility bill to encourage conservation/health, Home Profile get utilities info on a property from PSE, Welcome packet a` la HPM include questions for tenant action, Have systems in place that don't rely on tenant behavior

There is hesitancy on the part of residents to ask for help/assessment

Renter's rights; canvassing with info for renters

Renters need to be educated of their rights and responsibilities

How to improve relation with LL- help us help you!

Renter & Landlord cooperate to pay for treatments/ renters do the work?

Mandates / Policies

Require rating?

Some countries & states require rating & disclosure- can that be a part of the solution?

Subsidized housing- requirement to have EE audit & upgrades done

Required by state law or local code- could be tied to property transfer or renovation

Require audit & disclosure at the time of sale- Like Austin Texas- is there a bill in congress?

Require landlords to include energy costs in rent? That would give the ROI to LL & get 100% improvements

Landlords: Housing code/registration; health and safety inspection would help with absentee

landlords and address: "Black Houses" realize there is lots common area energy waste

Landlords - Return on Investment

Cost savings; landlord pays utilities; capped utilities/ renter pays overages

Include energy bills in rent with extra bill for a baseline cap excessive use - There are landlords who do this- water, sewer, garbage often included

Utility cap- landlord pays until a set amount

Cost of utilities/ rent?

Benefit cost to owner

Landlords: What are we trying to sell? What are the measureable items? What is the value of improvements?

Landlords Need: Financing, low interest loans ,incentives (carrots), tax breaks, investment value, increased rent and resale value, prioritized plans of action, trust, reliable resources, understanding of opportunities, well-crafted community vision, more education and training, business class on owning rental property, assistance through landlord association, extended leases.

Benefits of HEIRs

"Just give me a ROI analysis"

Eg S.S. Solar "payback analysis they provide to owners"

Small components add up

Owner- increase return/ reduce risk

Case studies- number crunching, Building Performance Institute

Easier to maintain investment at less cost rather than do major fixes later

Benefits; increased home value; decreased repair costs; increased occupancy; increased monthly income

ROI increase in asset value

Landlord incentives; protect investment; maintenance cost savings

Landlords want longevity of tenant

Benefit to renter- comfort * Benefit to LL less turnover

APPENDIX B: RAW MEETING NOTES

Short term- energy efficiency doesn't factor into resale value
Long term- yes maybe
Landlords- Take advantage of existing programs, Money is not the only incentive- longevity, long term investment, lower depreciation health of asset
Make it affordable for landlords or it won't get done
Have BPA offer energy efficiency grants
DSIRE.com
Audits/ Thurston Energy rebates
Tax incentives
Utilities invest in efficiency because their goal is capture all the energy from conservation before new power production
Some insurance companies will discount premiums for upgrades; heating, electrical, plumbing, roof upgrades in last 10 years= discounted homeowner/landlord premiums

Obstacles: LL has to plan investments, needs #s to quantitatively compare choices
To get the most from their investment
Is there a sweet spot where LL can raise rent because the renter will save \$\$\$
Life-cycle analysis, planning upgrades/replacements
Overcoming obstacles- tenant fears, code, knowledge, attitude, not seeing \$\$\$
How long until you get a ROI?
True utility cost included
LL incentives: rebates, tax credits, increased value from upgrades
Building Department prohibitive, make more consumer friendly, cheaper permits, more permissive for old building variances- modern standards are expensive
ROI- incentives, more cooperation from gov't & bldg. depts.
Owner needs to maintain rental as if they lived in it
Permitting issues limit options eg setback for heat pump
High demand for rentals, no need for landlord performance
Communication between owners, manager, decision maker- transparency
Break it down in a simple manner- show one year savings (term of lease)
Can LLs get longer term leases? Less vacancy?

Fed or state programs?
Break it down for overwhelmed LLs so they can prioritize actions
A functional plan- start small & measure impact to increase their willingness to go bigger
Money isn't the only incentive

Financing

Financing programs
Funding; low-interest subsidized loans; utility company pay-as-you-go
Confronting the climate crisis group- No Fear
Proposal-Combines costs of energy improvements on the monthly bill- tenants gets lower monthly costs- landlord wins through improvement to property
Sell bonds to finance improvements
No upfront cost improvements
On bill tariffs and conduit bonds financing
weatherization for renters, benefits landlord as well- utility collects \$\$
WA State Gov. issues tax-exempt bonds > non-profit business > weatherize homes > renters pay utility 15 year payback > utility pays off bonds
Need to talk about outcomes in order to sell program to landlords
Pay as you save
Upgrades charged to utility bills (pay as you go)
Need \$ for programs
On bill financing Pace
Getting PACE on bill financing
Pay as you go- on bill payment
Kick Starter Campaigns- Loan pool program
Adopt-a-family improvements
Financial Institutions developing programs for upgrades
Oly-Fed is work in progress by banks to provide EE loans for rental properties- Green Lending Program 0-75% rating
Generation Credit Union 2.9% loans for EE
1st do air sealing and insulation- less costly, small loans 3-4 k
Energy financial products- small improvements & big projects i.e. solar
Risk to loaning to landlords- because might not be able to make payments when properties are not occupied- more than 5 homes especially

APPENDIX B: RAW MEETING NOTES

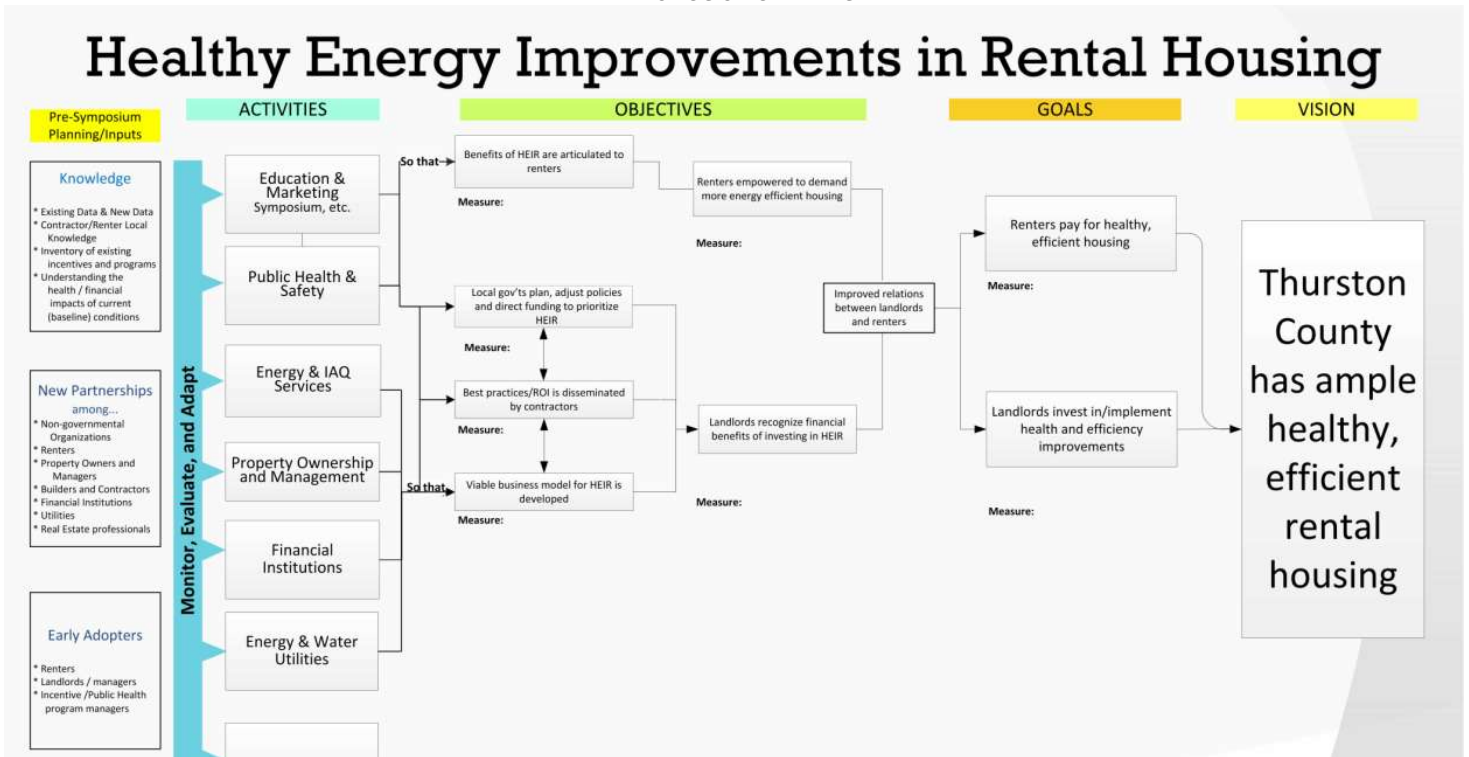
Many banks locally do not loan to non-owner occupied

Leverage existing institutions that influence their clients- AICPA Credit Unions Property Managers, Chambers Real Estate Associations
Residents > Credit Unions/Banks > Landlord > Energy Eff. Company > Rental Home > Reduce Costs > More \$\$ to renter > Increased rental income

Implementation

New projects need energy efficiency built in
Expand knowledge and role of the home inspector- energy, ventilation I&Q
When you make a building energy efficient you can create IAQ problems
Work needs to be done right
Tier system to upgrade rental homes
Post assessment to access success, After done decide which is to be public
Bring old construction up to code
Community planning and development- issue expensive permits
Variances for older buildings
What is the life-cycle?

APPENDIX C: LOGIC MODEL DIAGRAM



APPENDIX D: BACKGROUND PAPER



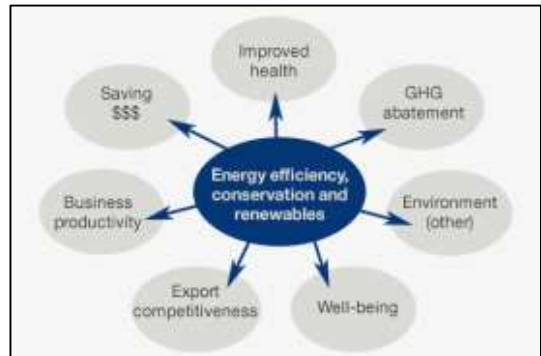
Healthy Energy Improvements for Rental Housing Background Information for Symposium Feb. 13, 2014 By Chris van Daalen



Due to the Recession, foreclosures, as well as income and population demographic trends, more people than ever are renting rather than owning their homes. Because of high energy and healthcare costs, more renters are looking for and demanding homes that are affordable, energy efficient and healthful living environments. Some rental properties may be poorly insulated or maintained, leading to higher energy bills and poor indoor air quality. This is especially difficult for many low- and moderate-income families, as well as elderly people on fixed incomes - the people who can least afford the financial and health burden this creates. Demand for rentals is growing nationwide: It is estimated that 5-6 million new renter households will form in the next 10 years¹. While some government policies and programs exist to protect the health of the least vulnerable, a market-based solution will be critical if we hope to encourage healthy efficiency improvements to properties in the *middle* of the rental market.

Let's build a Market-Based Solution

Thurston Energy and similar projects have successfully built a value proposition to convince *homeowners* to make healthy energy improvements. Yet, incentivizing *owners of rental homes* (absentee owners) has proved more of a challenge: even if landlords *want* to make such improvements, they often find the investment hard to justify because energy cost savings accrue to the renter, not to the owner. There are obvious social, environmental and economic benefits of such investments, but those accrue mostly to society as a whole, again not directly to the rental property owner². This “split incentive” problem is a recognized market failure which has a dampening effect on healthy energy investments in rentals (HEIRs)³.



To bridge the gap, a team of local stakeholders came together in late 2013 to explore whether a combination of market-based strategies could offer a more compelling return on investment scenario to landlords, while empowering renters to choose more efficient healthy homes. This conversation and initiative was sparked from a dialogue at a previous Vision2Action Symposium in October 2012.

This paper provides background information to inform our ongoing conversation.

¹ Bipartisan Policy Center: Infographic: Supply and Demand in Rental Housing. Washington DC: January 2013 [Click Here to open.](#)

² Elevate Energy. Preserving Affordable Housing through Energy Efficiency: Non-Energy Benefits of Energy Efficiency Building Improvements. [Click here to open.](#)

³ Minnesota Community Action Partnership, Rental Housing Energy Efficiency Work Group. Energy Efficiency in Rental Housing January 2011. [Click here to open.](#)

APPENDIX D: BACKGROUND PAPER

Understanding the Rental Housing Market in Thurston County

Of the estimated 102,000 residential housing units in Thurston County, 34,677 (about one-third) are renter-occupied housing units, according to the US Census Bureau, 2012 American Community Survey.⁴ Within the County, metropolitan jurisdictions had an even higher proportion of rental housing: Olympia had nearly 50% renter occupied units in 2010, Tumwater had 46% renter-occupied, and Lacey was 43 percent renter-occupied. Long-term, the trend toward rentals is clear - census data from 50 years ago shows only 25% of homes were renter-occupied⁵.

The rental housing stock in Thurston County is made up of: 40% are single family units, 14% are duplex – fourplex, and 37% are multifamily units 5 or more. 6% live in mobile homes. This compares national figures with about 35% of rentals being single-family homes.

Defining the HEIRs target market

For the purposes of the HEIRs “market-based solution” we are proposing, we have defined two primary target markets we want to address:

- 1) single-family and 2-4-plex properties in the *middle* of the rental housing market, i.e. rental homes valued between \$150,000 - \$300,000
- 2) renters including low- and middle-income households

More research and data analysis is warranted to better describe the housing and ownership characteristics of the target market(s) for HEIRs.

Our analysis and focus to-date has avoided larger (5+ MF) properties, which we felt are more likely to be improved without additional incentives. Similarly, high-value single-family properties are more likely to be improved. While the need for improvements may be more *intensive* among low income / affordable housing properties, those needs are more likely to be served by existing public-subsidized programs supported by and accountable to public health policies. Thus our focus is on the middle-income, mid-value segment of the market where we see the most *extensive* underserved need, which also offers the greatest responsiveness to a market-based solution, and the potential for positive ripple or multiplier effects into the rest of the economy.

We recognized there are many different types of rental owners who respond to varying motivations for and against making property investments, and we continue our inquiry to understand them. These include:

- Individual owners renting all or part of their home, including for e.g. “reluctant landlords”
- Private owner / operators of 2 or more SF houses (self-managed investment properties)
- Corporate-owned rentals – houses, duplexes, etc (REOs)
- Property managers – acting with and for absentee owners
- Subsidized housing – low-income housing agencies managing multiple SF - MF properties

⁴ U.S. Census Bureau. Selected Housing Characteristics 2008-2012 American Community Survey 5-Year Estimates. [Click Here to open.](#)

⁵ Thurston Regional Planning Council. Fair Housing Equity Assessment of Thurston County. August 2013. [Click here to open.](#)

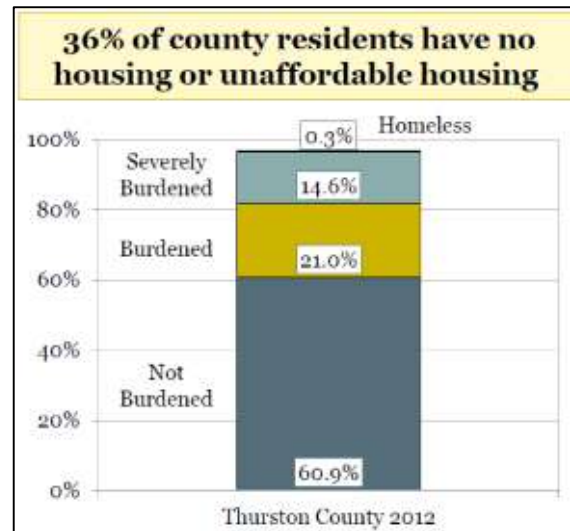
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Who are the renters?

According to US Census data: With a population of 256,800 residents, 85,300 people in Thurston County live in rentals (again, about 1/3). Of these, 64% live in homes they can afford (spending *less than* 30% of their income on housing & utilities), compared to 36% who have unaffordable housing: 21% are cost-burdened (>30% of income spent on housing), and 15% are severely cost-burdened (>50% of income spent on housing). 708 residents (0.27%) are homeless.

Among renters, unaffordable housing disproportionately affects two groups:

- Seniors 65 and older: 64% of senior renters are cost-burdened.
- Households with income below 35,000: 87% of low-income renters are cost-burdened.



The number of cost-burdened residents has grown since the recession began in 2008, reflecting a drop in average incomes and increased average rents: In 2011, the average rent cost in the region was \$873 per month (\$1,012, including utilities), up from \$795 (\$923, including utilities). These realities are forcing more households to choose between utilities and health care, paying for rent or groceries.

Thurston Regional Planning Council recently completed a Basic Needs Survey⁶ with about 1000 respondents, which gathered information highly relevant to the question at hand: 73% of respondents were very low-income, and more than 75% of them were renters. The survey found:

- Of the top three concerns expressed by respondents “paying for utilities” was the top concern, with paying rent or house payments a close second, followed by access to affordable health care.
- When asked “has your home had energy efficiency upgrades?” 25% didn’t know, 40% said no, and 35% said yes.
- More than half of respondents (53%) said they cannot afford to heat their home sufficiently during the winter.

Landlords and property managers report a distinct increase in renters’ sensitivity to utility bill costs, yet data on a properties’ efficiency and indoor air quality is not readily accessible to renters, making rational decision-making by renters and property owners more difficult.

In October 2012, the Seattle City Council [approved a program to require registration](#) and inspection of all rental properties, beginning in 2014. Tenant advocates and landlord groups

⁶ Thurston Regional Planning Council, Urban Corridors Task Force and Sustainable Thurston Task Force. [Analysis of Basic Needs Survey](#). September 23, 2013

APPENDIX D: BACKGROUND PAPER

agreed that renters, who make up about half of all Seattle residents, have a right to healthful and safe living conditions.

In Thurston County, there are some resources available to Renters who are living with high energy bills, mold, moisture and ventilation issues, or other contributors to inefficient or unhealthy rental home environments. Puget Sound Energy's **Home Print energy assessment**⁷ and Energy Advisor services are free to all customers, whether owners or renters – one phone call can put a lot of good information and immediate strategies to cut energy bills, into the hands of renters. If the concerns are more health-related, Thurston County's **Healthy Home Stewards**⁸ program has a team of trained volunteers who will come to a home, assess issues and suggest solutions, a free service. These free resources certainly help identify issues and possible solutions, but do not provide all the resources need to implement solutions.

To better empower renters with these and other tools, more awareness, education and access to data on efficiency of specific rental properties is needed so renters can make informed choices and demand quality housing. A combination of tools and financial assistance has worked in some communities, while others like Seattle have opted for mandatory, regulatory approaches.

The basic rights and responsibilities of renters in Washington State are defined in [RCW Chapter 59.18 Residential Landlord-Tenant Act](#), and described in detail by the [Washington Tenants Union](#) and [Washington State Bar Association](#).

Landlords' ROI Analysis of HEIRs

What factors play into rental property owners' decision to invest in healthy energy improvements for rental homes? Their calculation of the “**split incentive**” problem obviously weighs against such investments, because owners bear the cost of improvements and in most cases do not reap the cost savings. Further research is required to determine if renters would be willing to pay **higher rents** for more efficient rental homes. In some landlords' business model, **rent includes energy costs**, circumventing the split incentive problem. Further analysis could provide a valuable cost/benefit comparison between this business model to tenant-paid utility model.

Incentives and rebates available from local governments, utilities, manufacturers and federal tax credits provide important cost offsets to make HEIRs more attractive. A free HomePrint energy assessment from Puget Sound Energy can lead to a free refrigerator and direct access to qualified service providers and suppliers. **Low-cost energy audits** and other services are available locally through Thurston Energy⁹ (part of the Thurston County EDC) and other residential efficiency programs around the state.

For many landlords, **access to financing** is key to investing in improvements, which shows in the success of energy efficient lending products offered by local banks¹⁰ and credit unions¹¹. The

⁷ Puget Sound Energy HomePrint Assesment: <https://pse.com/savingsandenergycenter/ForHomes/Pages/HomePrint.aspx>

⁸ Thurston County Healthy Homes program: <http://www.co.thurston.wa.us/HEALTH/ehhm/index.html>

⁹ Thurston Energy: www.ThurstonEnergy.org

¹⁰ Olympia Federal Savings Green Choice Loans: <http://olyfed.com/ContentDocumentHandler.ashx?documentId=21790>

¹¹ Generations Credit Union: Energy Efficient Construction Loans. <http://www.generationscreditunion.com/>

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Weatherization Assistance Program of the Community Action Council¹² provides free energy efficiency measures to low-income homeowners and also to renters with the landlord's agreement. A new program will increase available financing with landowner cost-share. In some communities, **on-bill utility tariffs** are used to finance tax-exempt bonds, so landlords up-front costs are covered, and renter's utility payments pay back the investment over time¹³.

Beyond the ROI of annual rental income, other factors might weigh into an owners decision to invest:

- Maintain and Increase the asset value of rental properties
- Reduce tenant turnover and lost income from vacancies
- Prevent moisture-related damage and other maintenance expenses
- Improved relationships between tenants and landlords
- Social, economic and environmental benefits to society at large

More research and analysis is required to detail and quantify these long-term factors.

Increasing Asset Value through HEIRS

Recent research upholds more than a decade of evidence that energy efficient and green certified homes sell for more money, and sell quicker than standard homes. Kahn and Kok of University of California published a study of an unusually large sample of 1.6 million homes sold in the state from 2007-2012, and found that green certification adds 9 percent to the price of a home¹⁴. CNT Energy and the National Home Performance Council published a "blueprint" report to provide methods for landlords and other stakeholders to document efficiency improvements and incorporate them into the real estate value chain¹⁵.

Making information about energy efficiency improvements visible to renters, home buyers and others involved in the rental property market will play a crucial role in improving the ROI analysis for landlords, and the energy cost value assessment increasingly being practiced by cost-burdened renters.

This effort "Healthy Energy Improvements for Rental Homes" is a collaborative effort among community partners, which aligns with Goal & Actions H-1.4, H-7.1-7.4 from the draft Regional Housing Plan¹⁶ & the Sustainable Thurston Plan¹⁷.

H-1.4 Offer financial incentives for reducing environmental impacts.

Engage landlords, realtors, and other community stakeholders, to enable anyone, anywhere to live in a healthy, energy- and water-efficient home.

H-7.1 Prioritize home weatherization funds to preserve affordable housing (units for low- and moderate-income households) and further other sustainability goals.

¹² Community Action Council Weatherization Assistance Program: http://www.caclmt.org/?page_id=10

¹³ Gar Lipow, Washington Fellowship of Reconciliation, Climate Crisis Group. NOFEAR PROPOSAL (No-Obligation Financing of Efficiency And Renewables. Olympia Washington.

¹⁴ Matthew E. Kahn, Nils Kok, University of California. The Value of Green Labels in the California Housing Market. July 2012. [Click to open.](#)

¹⁵ CNT Energy and the National Home Performance Council. Unlocking the Value of an Energy Efficient Home: A Blueprint to Make Energy Efficiency Improvements Visible in the Real Estate Market. August 2013. [Click to open.](#)

¹⁶ Thurston Regional Planning Council, Sustainable Thurston. [Regional Housing Plan \[PDF 6 MB\]](#) (Draft) August 2013

¹⁷ Thurston Regional Planning Council. [Creating Places - Preserving Spaces - A Sustainable Development Plan for the Thurston Region \[PDF 13 MB\]](#) (Draft) August 2013.

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H-7.2 Support and expand current funding and incentive programs that encourage building owners and occupants to choose resource-efficient appliances and weatherize homes.

H-7.3 Engage landlords and property managers in energy efficiency efforts.

H-7.4 Work with local financial institutions to facilitate affordable financing of energy upgrades.