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| ../Downloads/tom-rumble-645202-unsplash.jpg Policy Overview: Beginning in [20XX], [City] will require residential rental properties to meet minimum energy efficiency standards. If a rental property does not meet efficiency standards, it will need to undergo energy upgrades to be compliant. Rentals will not receive their rental license until they are compliant. More information about this policy can be found at [<website for rental efficiency standard policy>].  Rentals comprise [X%] of our city’s housing stock, and energy insecurity is a common problem among renters. This policy will not only improve the city’s housing stock but will also get us closer to our carbon reduction goals while improving affordability within the city. Additionally, landlords will have more valuable assets as described in the “Value Proposition for Rental Property Owners” section of the pamphlet. |  |  | |  | | --- | | Additional Questions?Contact Us Phone: [Telephone] Email: [Email address] Web: [Web address] | | |  | | --- | | Efficiency Standards for Rentals  [Address]  [City, ST ZIP Code] |   [Add City  Logo Here] | |  |  | |  | | --- | | ../Downloads/wes-hicks-754392-unsplash.jpg | |  | | Efficiency Standards for Rentals | | Information Pamphlet for Rental Property Owners | |

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| Value Proposition for Rental Property Owners: Performing an energy upgrade on a rental property (if required) can result in additional value streams for the owner including increased rent, higher tenant retention, and higher resale value. While the numbers will vary significantly by rental property, here is an example of the added value of a $3,000 energy upgrade that results in $400 of annual energy savings.  If the property owner were to increase rent by an amount equal to 80% of the anticipated energy savings, the payback would be 9 years. However, after this 9 years, the owner would still see the added value of increased rent until the equipment end of life, which oftentimes is 15 years, but for envelope measures could be 30+ years. Conservatively assuming it is 15 years, the increased rent results in $1,800 in added value after paying back the cost of the energy upgrade.  Additionally, if the energy upgrade results in better tenant retention because the space is more comfortable, has less pest problems, and/or lower utility bills, that can add [$4,000] of added value to the property owner. This assumes it takes [40 days] to find a new tenant at [$947/month] rent and [$2,778 of administrative and maintenance fees] based on a study by Zillow Rentals.  Finally, when the property owner sells their rental property, they should see [$5,900] in added resale value, assuming a [5.5%] capitalization rate. The result is tenants’ total cost of living is lower, and the property owner sees added value of $11,700 combined -- almost four times greater than the cost of the energy upgrade. |  |  | Frequently Asked Questions: **Q: Will I need to upgrade my property?**  A: Possibly. If your rental property doesn’t meet the efficiency standard, it will need to be upgraded. You can perform an energy assessment on your property to see if it meets the efficiency standard. A similar policy in Boulder, CO resulted in 20% of rental properties being upgraded.  **Q: What type of energy upgrade will I need to perform?**  A: The energy upgrade will depend on existing conditions in the property. Property owners will be able to select the most-cost effective energy upgrades to meet the efficiency standard. Upgrades may include air sealing, blowing in attic insulation, LED lighting, low flow fixtures, heating and cooling equipment replacement, hot water heater replacement, and/or solar PV installation.  **Q: How much will it cost me?**  A: Depending on the energy upgrade you perform, the cost will vary. Your energy assessor can work with you to meet the efficiency standard using the most cost-effective energy upgrades. You can also look here [<incentive website>] to find local incentives to reduce the cost further. Additionally, the City put in place the following [cost cap and/or exemption], so the cost of the upgrade should not be exorbitant. A similar policy in Boulder, CO resulted in a $3,000 average upgrade cost. |  |  | **Q: Are there financing options available to help offset the cost?**  A: [Yes/No], [property assessed clean energy (PACE) / on-bill financing / green bank / home equity line of credit] can help spread out the cost of the upgrade over the life of the equipment and reduce the upfront cost burden.  **Q: What will happen if I choose not to perform an energy upgrade?**  A: If your rental property does not meet the efficiency standard and you choose not to perform an energy upgrade, then you will not receive your rental license and there is a fee for renting your property without a rental license. That fee will increase the longer the property is rented without a valid rental license. There are alternative compliance paths including [paying your tenant’s utility bills / purchasing carbon offsets / other] that the City created if an energy upgrade is not feasible in your rental property.  **Q: How can I recover the cost of my energy upgrade?**  A: Higher performing rentals can result in greater tenant retention, higher resale value, higher rents, and fewer pest issues. If the property owner chooses to increase the rent based on the energy upgrade project, they should strongly consider increasing rent by less than the estimated energy savings so the total cost of living for the tenant(s) remains the same. This essentially moves money spent on utilities to an additional revenue stream for landlords. The City can provide guidance on rent increases so they are done equitably for both the tenant(s) and the landlord. |