

To: City Council
From: Environment and Energy Commission
Council Meeting Date: April 5, 2016
Re: Rental Housing Certificate

Executive Summary

This is a proposal to add a requirement to the application for a rental certificate as defined in Article V, Section 22-186 of Columbia, Missouri's code of ordinances. If adopted, one of the following must be met in order for a rental certificate to be issued for single-family rental houses, two-family rental houses, and townhouses.

- A Home Energy Score (HES) with a minimum score of 7, or
- A Columbia Water & Light Efficiency Score (CWLES) with a minimum score of 70%

Benefits

- Columbia has a good chance of winning \$5 million in the Georgetown University Energy Prize. Our chances will be improved by ordinances showing Columbia's long-term commitment to energy efficiency. Winnings could be used for additional energy improvements.
- This proposal will contribute to the strategic goal of improving social equity by reducing bills for renters.
- Home Energy Scores or Efficiency scores will allow renters to project the cost utility bills. Renters are less likely to run into financial difficulty due to unexpected energy costs.
- Energy efficiency improvements result in more disposable income for renters.
- Money spent on home improvements by landlords is money spent in Columbia rather than payments to electric and natural gas production companies outside Columbia. Improvements produce jobs in Columbia.
- Decreased energy demand from Columbia Water & Light will reduce the need for additional generating capacity and transmission lines, etc. in Columbia, thus keeping electricity prices down for all customers not just occupants of the improved properties.
- Landlords and homeowners can use high HES and CWLES values to market their properties. Improved efficiency will improve the value of the property.
- Decreased energy demand reduces emissions, which improves environmental and human health.
- Reduced demand helps Missouri meet the Clean Power Plan.

Definitions

Home Energy Score (HES): developed by the US Department of Energy and is similar to EPA's miles per gallon (MPG) rating for cars, measuring the equipment, not owner's habits. The HES ranges from 1 to 10 with high values indicating less energy use and

lower energy bills. In addition, an estimated dollar cost, at current rates, is provided with a plus or minus range of 15%.

Columbia Water & Light's Efficiency Score (CWLES): developed by Columbia Water and Light to measure how well a house was achieving its own potential and reasonable energy efficiency capability. As with cars, smaller houses tend to use less energy which influences the HES. The CWLES is independent of house size and is a good way to compare energy costs of similar-sized houses with similar construction. It is given as a percentage, from very low to 100%, with high values reflecting the lower energy use and smaller energy bills achievable in that particular house.

These scores are also provided for Boone Electric Cooperative customers who go through the Home Performance with Energy Star program.

Background

Energy bills can easily be more than half as much as rent. It is important for renters to know the typical size of expected energy bills. However, since energy bills are highly influenced by occupants' habits, past bills may not reflect costs that new occupants will likely incur. The HES measures the house, rather than the past occupants. It is accompanied by a CWLES, which compares energy use to similar sized houses. Like cars, larger houses typically use more energy. Many larger houses cannot achieve a HES of 7, but all houses can achieve a high CWLES, so either score at appropriate levels is accepted.

Process

The HES is obtained by having the single-family home, duplex or townhome evaluated by a certified independent inspector for approximately \$150. The inspector provides an assessment, which recommends cost effective improvements that will reduce energy use and bills. No improvements are required, but if any are made, the inspector reevaluates the house and passes the information to the utility, CWL or Boone Electric Cooperative, to calculate the score. Significant improvements earn rebates up to \$1,200 from the utility, and may cover inspection fees. CWL also makes low-interest loans to cover costs. A certificate with the HES and CWLES is provided to the owner by the utility.

Data on Rental Property for which scores are currently available

Slightly over 7,000 homes in Columbia have been through the Home Performance with Energy Star program. Of these almost 2,500 have had HES rating assigned. Just over 550 of these are rental houses. The process provides a pre-energy-efficiency assessment and a post-energy-efficiency assessment. About half of the rental units would have surpassed the recommended standards initially based upon the pre-assessment. Ninety-nine percent of them would have passed based upon the post-assessment scores. The units which would not have passed the proposed standards could easily have passed with a few basic improvements. EEC recommends grandfathering in the units which have already been through the Home Performance

with Energy Star program.

Vision & Strategic Plan Impacts

Vision Impacts

Primary Impact: Topic 9: Environment: Goal 9.3 Energy Efficiency: 9.3.6 model energy code ordinance

Strategic Plan Impacts

Primary Impact: Social Equity: Outcome 7. Reduce carbon footprint, with emphasis on reducing residential energy. Increase participation in home energy efficiency programs.

Introduced by _____
First Reading Second Reading _____
Ordinance No. Council Bill No. _____

AN ORDINANCE

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS
FOLLOWS:

Ordinance 22-186 - Application for (rental) certificate:

- (f) Beginning January 1, 2017, the application for certificate of compliance for all single-family houses, two family houses, and town houses shall be accompanied by a copy of the property's Home Energy Score or a Columbia Water and Light Efficiency Score which has been issued within the last 10 years. Home Energy Score must be 7 or higher, or Columbia Water and Light Efficiency Score must be 70% or higher. Properties which have completed a Home Performance with Energy Star assessment and completed some of the recommendations before June 30, 2015 will be considered to have met this requirement.

PASSED this _____ day of _____, 2016.

ATTEST:

City Clerk Mayor and Presiding Officer
APPROVED AS TO FORM:

City Counsel