

Colerain Township  
Community Strategic Energy Plan  
Steering Committee Meeting  
1/31/18 5:30 pm

**AGENDA**

1. Relation of Energy Plan to Township Comprehensive Plan

Andy Meyer began by explaining how Colerain Township plans to update its current Comprehensive Plan one element or topic at a time. As a result of the timing of this Energy Planning Project, the energy element was chosen as the first element to tackle. This will lead into the other elements, such as land use, transportation, housing, etc. There are many aspects of the energy plan which will have ties to the other elements. For example, we discussed the importance of trees regarding the urban heat island effect, but trees are also central when discussing stormwater, land use, and zoning. Energy efficient improvements to dwellings is a central topic in the energy plan, but also is part of the broader discussion about investment in the Township's housing stock. As we go through the plan topics, and as we generate the plan document, it will be important to point out these connections.

It was asked if this steering committee would also work on the other elements. Jenna LeCount responded that this committee was assembled specifically for the energy plan. However, there would likely be members of this group asked to participate in some or all of the other elements as well.

2. Energy Efficiency for Rental Housing – Tackling Split Incentives

Andy Meyer presented strategies for dealing with the “split incentive” problem associated with energy efficiency improvements to rental housing. Colerain has seen an increase in rental housing between 2009 and 2016, rising from 18.6% of occupied housing units to 26.1%. Over the same timeframe, the vacancy rate of rental housing has decreased from 10.5% to 5.3%. This indicates that landlords are in a relatively strong position in Colerain, and it may be more difficult to attack the split incentive problem under these conditions.

The split incentive problem related to efficiency improvements in rental housing stems from having two parties with different interests in a dwelling. A landlord, who owns the property, and a tenant or tenants, who live there. With regards to energy efficient improvements to the dwelling, the landlord is not incentivized to make improvements because the tenants pay the utility bill – the landlord will not see any benefit from the improvements. The tenants would realize a benefit in the form of lower utility bills. However, they are not willing to invest money into a structure that they don't own.

There are a few strategies to try to bridge the split incentive problem. They are categorized into “carrots” or incentives to change behavior through rewards, and “sticks” or regulatory requirements to affect a desired result:

## Carrots

*Incentive Programs for Energy Efficiency* – These reduce the cost of energy efficiency improvements through grants, rebates, or loans. To overcome the split incentive, the incentive offered must be significant. A study found that an incentive covering 80% of the cost of an improvement was necessary to spark interest in 50% of landlords in the program. Also, the effectiveness of marketing an outreach surrounding the incentive program, and the type of incentive (grant, rebate, or loan) are big factors in driving participation in the program.

*Pay-as-you-save (PAYS)* – This type of incentive offers loans to finance energy efficiency improvements that are paid back through a charge on the tenants' utility bill. The tenant must approve the deal and also must realize a net reduction in their utility bill due to the improvements. If the tenant moves out, the charges stay with the rental unit and the new tenant continues paying the charge until the loan is paid off. This type of program requires the cooperation of the billing utility (Duke Energy). Duke may have had such a program at one time, but it appears to have been discontinued.

*Green Lease* – In this type of arrangement, the landlord and the tenant(s) enter into an agreement where an energy efficiency consultant certifies the expected utility savings from a particular set of improvements, the landlord pays for the improvements, and the tenant(s) pay an agreed upon higher rent that is a certain percentage of the savings estimated on their utility bills. This arrangement needs to be fair to both landlord and tenant, and requires a certain level of trust between all parties.

## Stick

*Residential Energy Conservation Ordinance (RECO)* – This is an ordinance passed by a local, county, or state government which requires the owner of a residential property to document that it meets certain minimum standards related to energy efficiency at such point that the property is extensively renovated or before it can be sold. Burlington, VT passed a RECO in 1997 that applies only to rental properties. The ordinance requires documentation by a certified inspector or licensed engineer that a rental housing property meets defined standards for energy efficiency before the city will process a property transfer or issue a final approval for a major renovation. Property owners are given one year to make any required improvements identified by the inspector in the report. The Burlington ordinance sets a cap on the cost of the required improvements and allows for an extension of up to two years to make the improvements due to cost or financing factors. There would be some questions over the legality of a township, even a home rule township, enforcing legislations along these lines. To enact a similar resolution to the Burlington ordinance (using property transfer as the triggering mechanism), the Township will require the cooperation of the Hamilton County Recorder's Office to ensure the report is filed before a property transfer is permitted to take place.

Whichever of the above strategies might be employed to combat the split incentive problem, it remains that both landlords and tenants must view comfortable and energy efficient housing in Colerain as a goal worth achieving. An information campaign to influence attitudes and

behaviors would be a necessary first step. Landlords should recognize that improvements to the comfort and energy efficiency of their properties adds value to their property and their business. Also, a campaign to educate renters to look for signs of a comfortable, energy efficient dwelling when shopping for housing, and to value the impact to their utility bills will help to drive demand for efficiency improvements in the marketplace and among landlords. It was mentioned that Austin, TX has an ordinance that all landlords must provide a prospective tenant with a “rental scorecard” that, among other information, estimates monthly utility bills. This information, if it could be provided, would help those shopping for housing to better appreciate the impact of energy efficiency on their monthly budget.

It was mentioned that it would be helpful to emphasize low-cost improvements that renters may be able to make on their own, like lighting, plastic film over drafty windows in the winter, and blocking other drafts. It would be very helpful to show estimates of how much a renter can save through these simple measures.

### 3. Local Energy Efficiency Programs

Rob McCracken presented ideas of how the Township could structure an energy efficiency strategy targeted to the needs of township residents. It’s important to first identify desired outcomes – to connect residents with resources and programs that address their needs, and to identify potential funding sources to support the program. To identify best practices, we looked to the Georgetown Energy Prize. More than fifty communities compete to show their energy efficiency program performs best. Options gleaned from this analysis are:

- Adopt and actively enforce the International Energy Conservation Code, which mandates higher energy-efficiency requirements for new buildings.
- Develop a gaming app to help track energy conservation measures implemented across the Township.
- Leverage block grant funds to provide financial assistance to low-to-moderate income homeowners to preserve existing housing stock
- Partner with churches, faith-based communities, and other community organizations to educate residents
- Leverage K-12 schools – [myenergykit.org](http://myenergykit.org)
- Neighborhood canvasses
- Organize house parties held in different neighborhoods where residents can learn about improving their houses’ energy efficiency
- Train local residents to lead basic energy efficiency workshops
- Conduct workshops in low-income neighborhoods to educate residents about no-cost low-cost improvements they can make

It was pointed out that the Township could engender a certain amount of trust in an efficiency program or provider. There are lots of energy companies who call constantly – I don’t know if they are reputable or not – a lot aren’t.

Rob McCracken presented the path toward the Township establishing a PACE district. PACE allows commercial property owners to finance energy efficiency and renewable energy improvements using a voluntary special assessment added to the property tax bill. The advantage of this to businesses and property owners is that the financing doesn't tie up operating capital or credit, and allows the repayment terms to be spread out up to 20 years which can make many projects be cash positive from day one.

To establish a PACE district, there must be at least three identified projects on the table. This can be difficult to achieve for small and medium size jurisdictions. However, jurisdictions can team up with others to get to the three project requirement. Also, some states have PACE for residential properties, but that is not the case in Ohio, and doesn't appear to be on the horizon.

#### 4. Open House Meeting

Andy Meyer briefly announced that Northgate Mall has agreed to host the public open house meeting. There is one more steering committee left before the open house. Following the open house, the steering committee will meet one to review a draft plan – unless something arises at the open house that would warrant further discussion as a group.