

Cracking the Rental & Multi-Family Housing Nut

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Who Am I?

- Principal and Co-Founder Cornerstone Property Professionals, LLC
- Mid-size owner and manager of residential rental property
- Private investment-oriented company
- MN licensed real estate broker
- Started in 1996

What's My Perspective?

- **Investor** – my capital is at risk
- **Owner** – my reputation is at risk
- **Property/Asset Manager** – my job is at risk
- **Energy Efficiency/Green Initiatives**

What's Our Motivation?

- **RETURN ON INVESTMENT (ROI)**
 - Fiscal
 - Environmental
- **MISSION:** Affordable Market Rate Housing
- **PHILOSOPHICAL:** Sustainable Communities
 - Economic
 - Livable Smaller Denser Housing
 - Stewardship (infrastructure & environment)
 - Community

Acknowledgements

- Julia Eagles: PCEC/Green Institute/CERTs
- Katie Jones: CERTs GreenCorps Member

Ventura Flats

- 74 unit multi-family property in Phillips community of South Minneapolis
- 40+ year-old garden low-rise building
- Significant deferred maintenance at acquisition (August, 2008)
- No direct government rent subsidies
- Household incomes under \$20K
- Very diverse community

Ventura Flats



Ventura Flats



Ventura Flats



What Have We Done?

- Water conservation project with HydraMetrics
- Daily water consumption monitoring
- Lighting renovation (New Exterior CFL and Interior T8)
- Boiler Room ventilation improvements
- Boiler management improvements
- PCEC energy-efficient refrigerator replacement

What Have We Done?

- Alside[®] window replacement project on third floor
- Duro-Last[®] “white-roof” replacement on 25% of roof
- Tenant education on energy conservation
- Currently – energy-efficiency audits in income qualified units.
- Currently – benchmarking tools evaluation

Ventura Flats Utility Expenses

- **Pro Forma estimates (based on 2007-08)**

– Water/Sewer	\$27,689
– Gas	\$24,802
– Electric	\$2,868

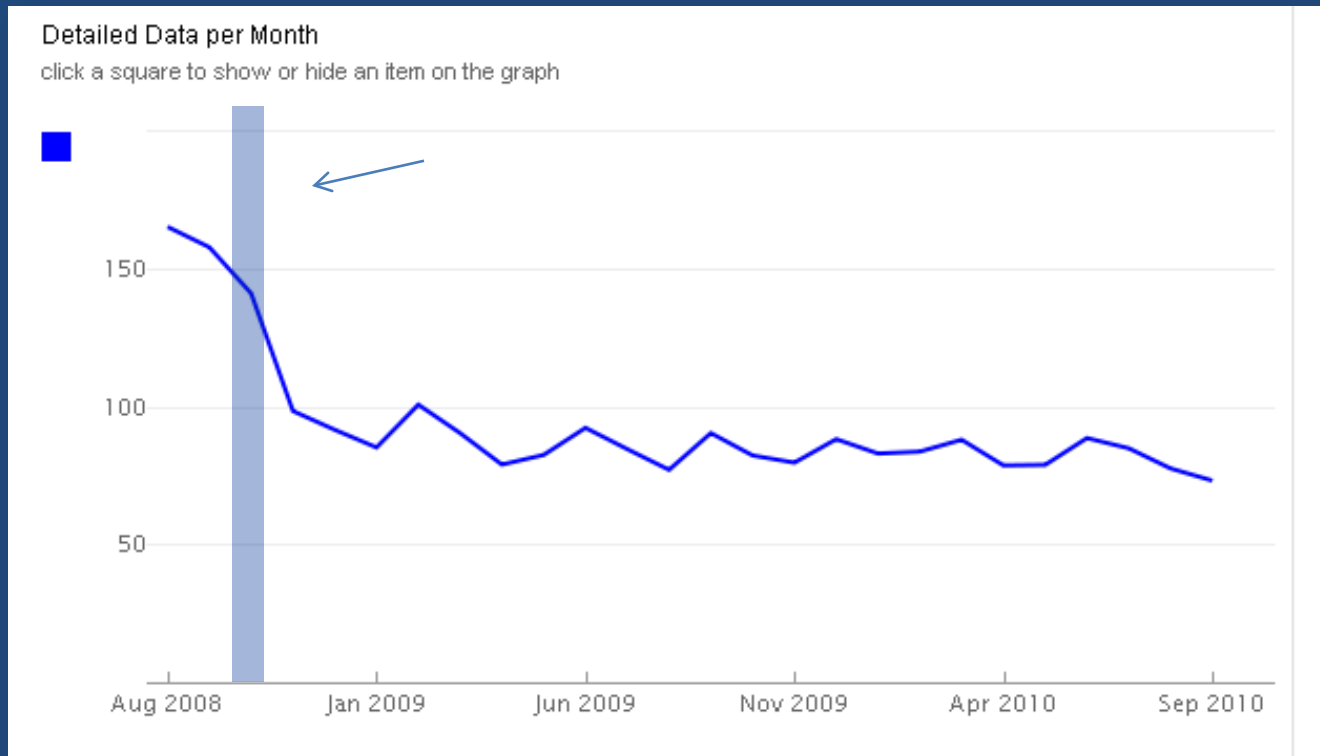
- **Annual Projections (August, 2008)**

– Water/Sewer	\$31,524
– Gas	\$25,569
– Electric	\$2,868

- **2010 actual expenses**

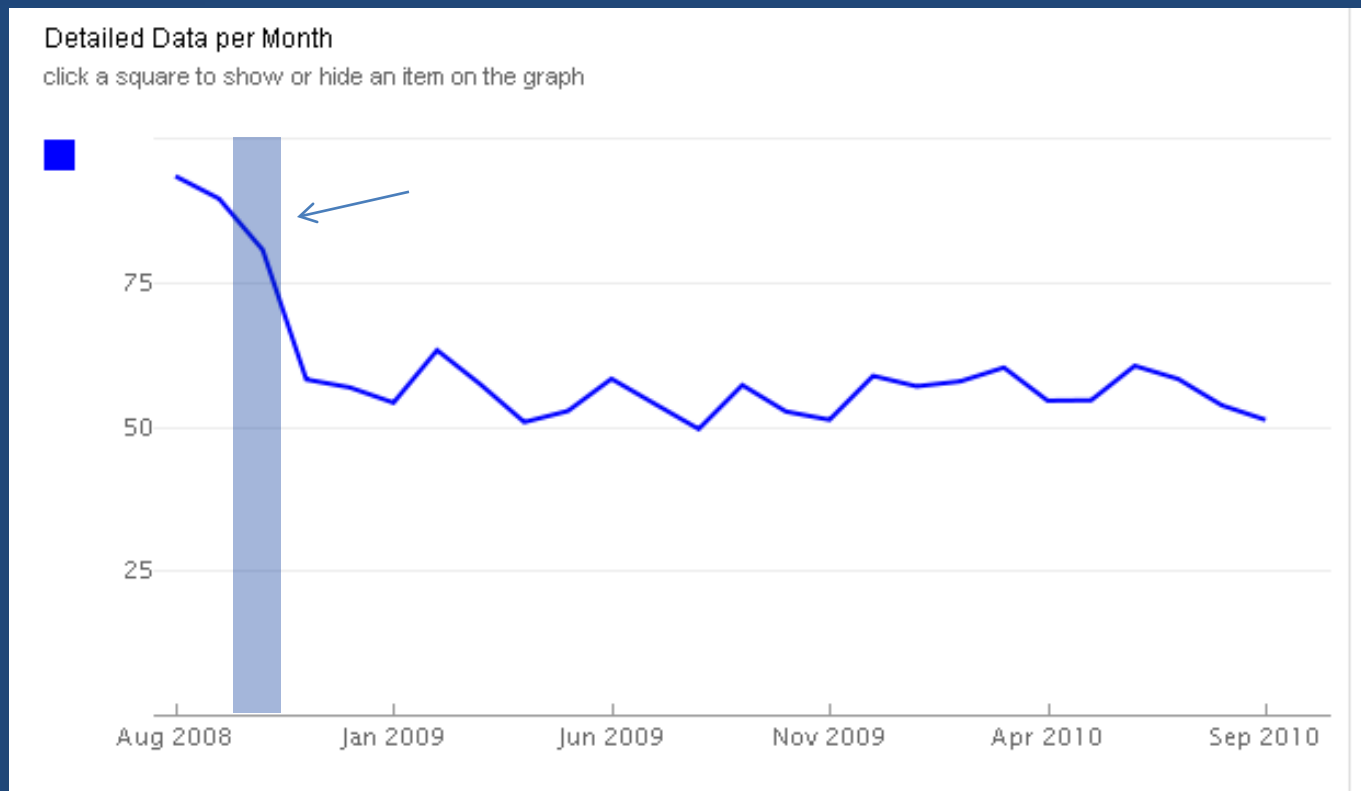
– Water/Sewer	\$20,157 (-36%)	<i>[\$/gal increased 15%]</i>
– Gas	\$15,525 (-39%)	<i>[\$/thm decreased 32%]</i>
– Electric	\$3,179	

Water Consumption



Ventura Flats Water Usage : Monthly timeline of water use since Cornerstone Property Professionals, LLC acquired the property. Before the improvements by HydraMetrics, the total water use averaged 161 gal/day, but afterwards, the property has averaged 84 gal/day of water used – a 47% decrease.

Water Costs

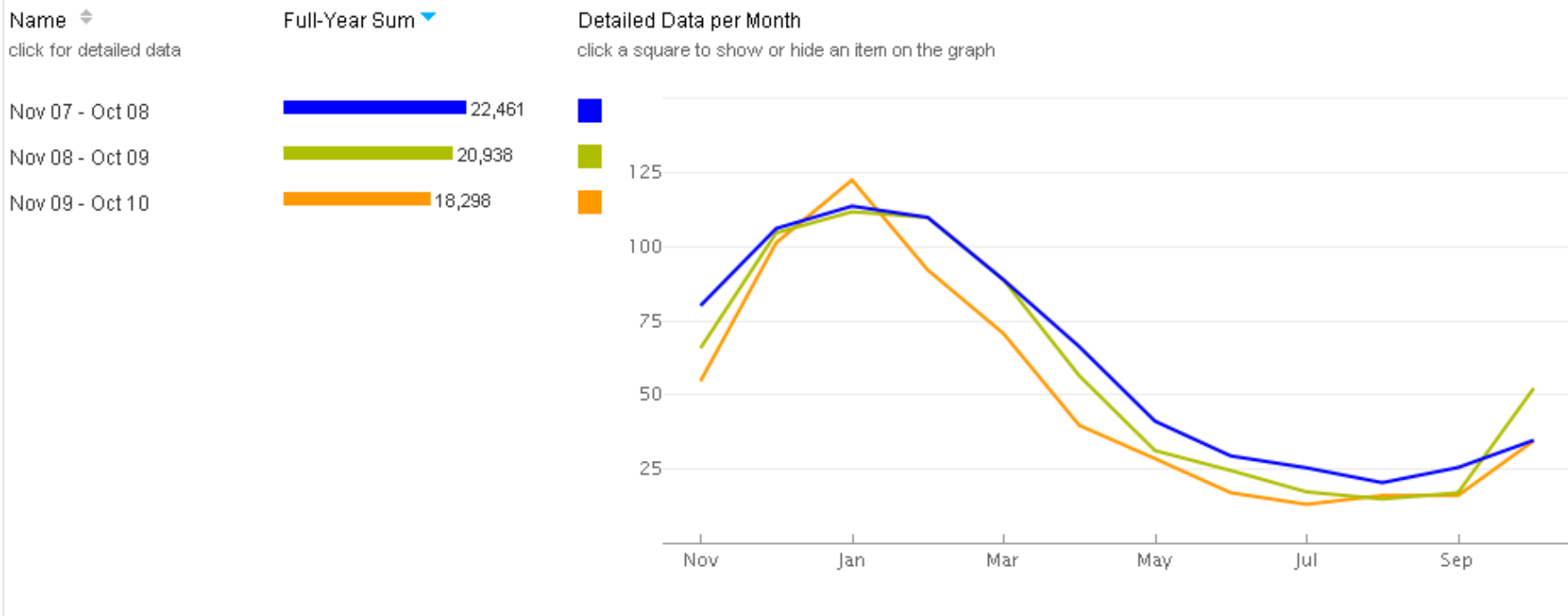


Ventura Flats Water Cost – Monthly timeline of water costs since Cornerstone Property Professionals, LLC acquired the property. Before the improvements by HydraMetrics, the total water cost averaged \$95/day, but afterwards, the property has averaged \$56/day on water costs – a savings of over 41%, even while the cost per gallon rose 15%!

Gas Consumption

1818 14th Ave South: Natural gas use in Therms (not normalized)

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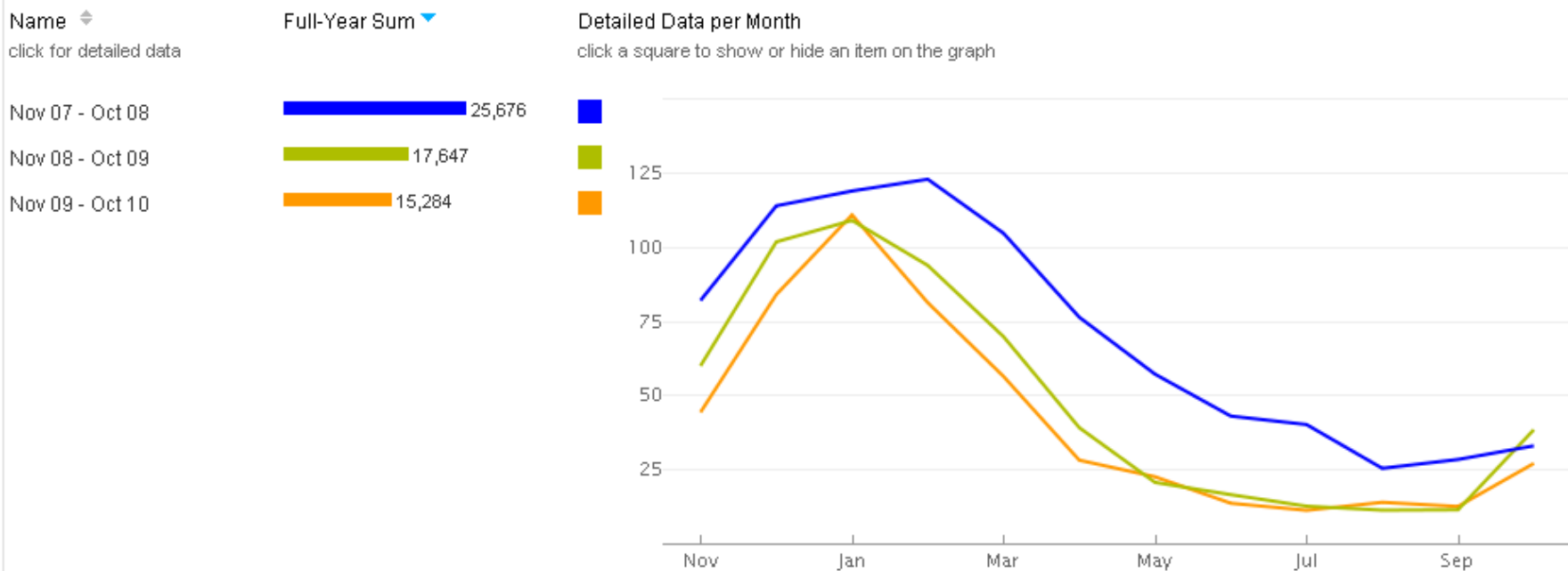


Ventura Flats Gas Usage – Year-over-year: Each colored line represents a different year of gas consumption in therms per bedroom and the bars on the left hand side show the full year sum of consumption. Since the boiler room improvements and the new window installations, the total gas usage decreased 18% from the first to the third years of records and operation.

Gas Cost

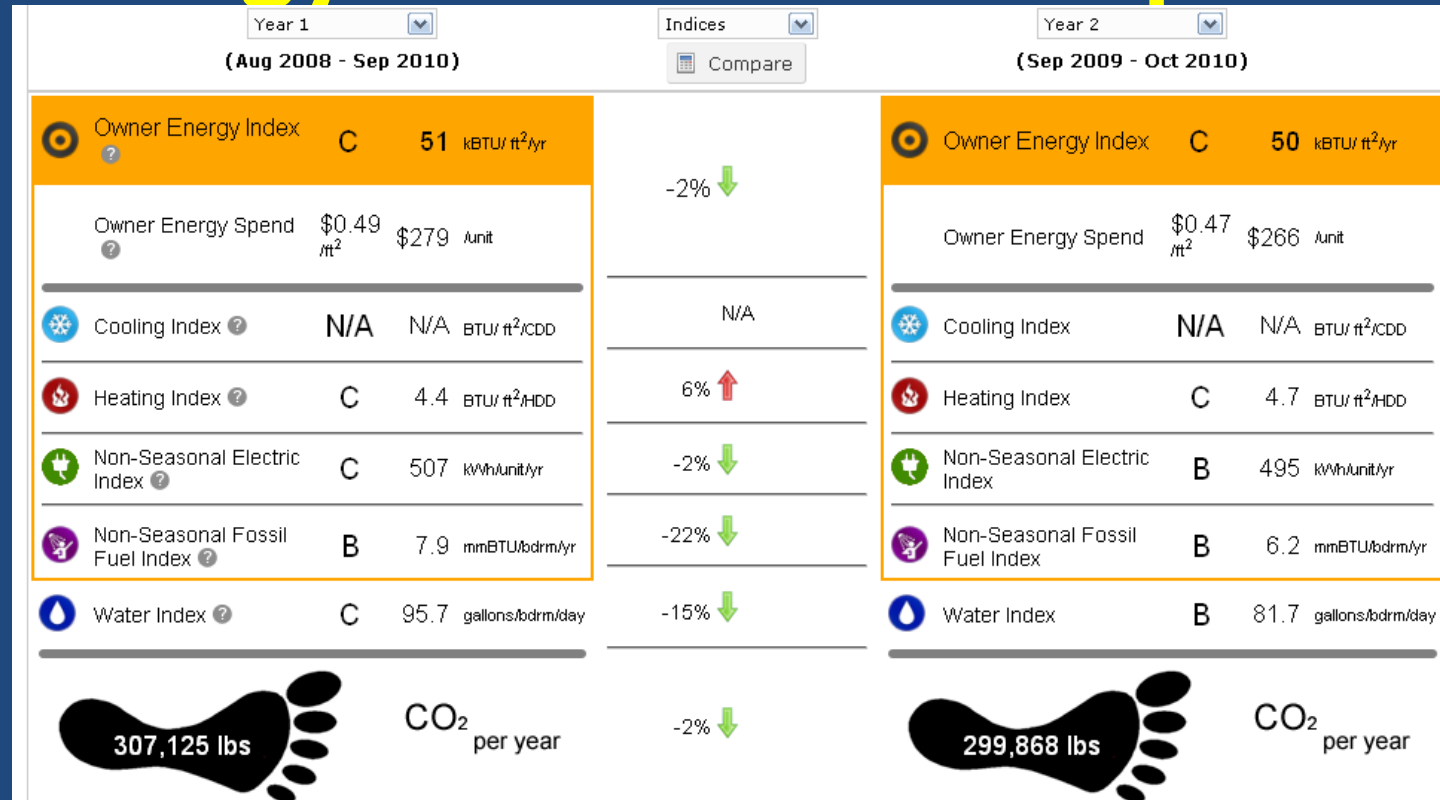
1818 14th Ave South: Cost of natural gas in \$ (not normalized)

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Ventura Flats Gas Cost – Year-over-year: Each colored line represents a different year of gas consumption in \$ per bedroom and the bars on the left hand side show the full year sum of consumption cost. Since the boiler room improvements and the new window installations, the total gas cost decreased 40% from the first to the third years of records and operation, but the average cost per therm also decreased 32%.

Energy Score Card Comparison



Ventura Flats ScoreCards 2 Year Comparison from Aug. 2008-Oct. 2010 – Shows energy usage by various indices for both years. Please neglect the electric and heating index as the electric data is not entirely accurate currently. However, note the improvement in the non-seasonal fossil fuel index (water heating) and water index.

Resources

- MN Multi Housing Association
 - Vendor members
 - Other Large and Mid-size owners
 - MMHA *Advocate* magazine
- Park Supply – Minneapolis, MN
- Julia Eagles, CERTs