



TO: Mayor and City Council Members

CC: Marc A. Ott, City Manager

FROM: Larry Weis, General Manager *Lil*

DATE: June 6, 2014

SUBJECT: Semi-Annual Report in response to Resolution No. 20130523-069, regarding the Multifamily Energy Efficiency Rebate Program

Pursuant to Resolution No. 20130523-069, Austin Energy submits the second report investigating possible effects of participation in multifamily property energy efficiency rebate programs on rental prices. As with the December 1, 2012 report, there continues to be no evidence of a direct relationship between multifamily rebate participation and rent price changes. Austin Energy conducted statistical analyses of the data to provide a clearer picture when comparing rental rates.

The data sources include:

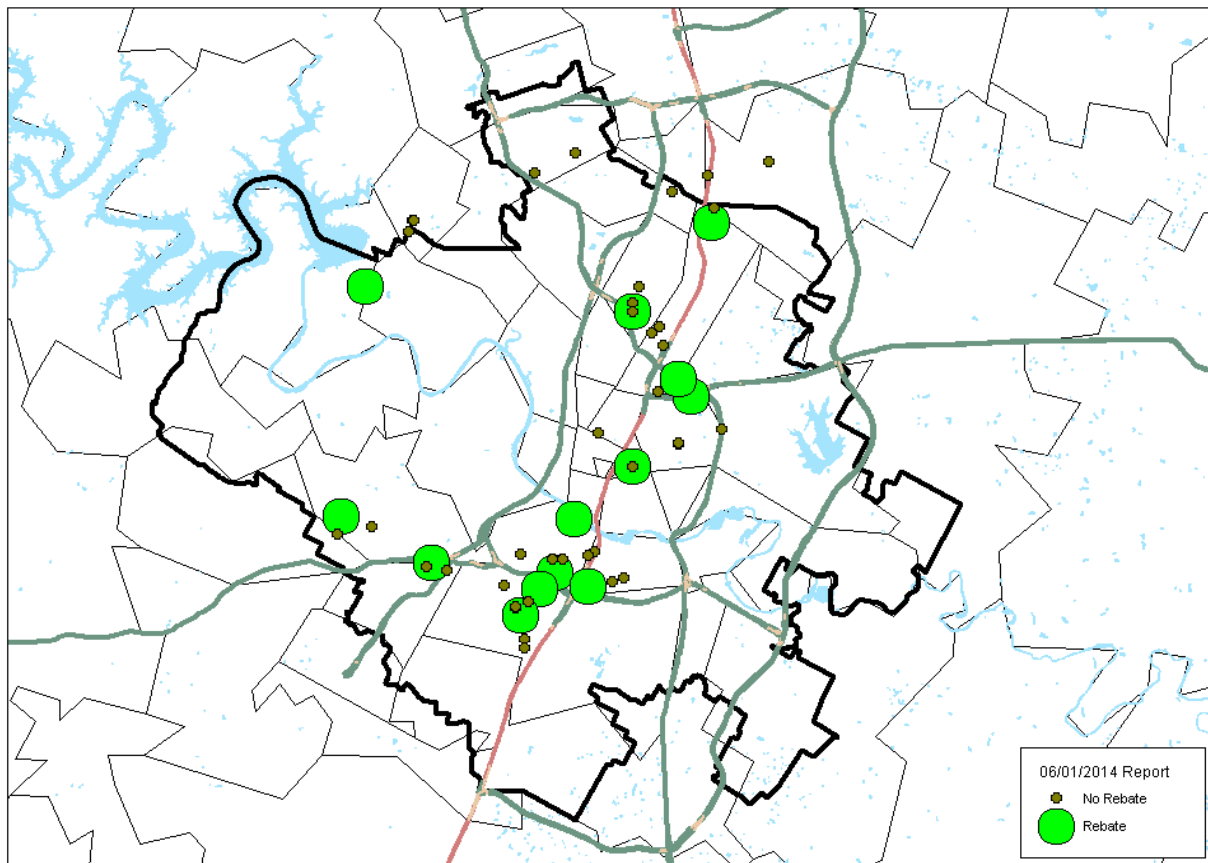
- Austin Energy Multifamily Rebate Program participation data
- Austin Investors Interest multifamily apartment data

The process to collect and report on the data is as follows:

- Austin Energy will develop a secured database in which the data will be stored.
 - The data is held within AE's firewalls.
- Austin Energy will collect rebate-related information in real time.
 - While rebate information is collected in real time, apartment-related data is provided quarterly so the report will reflect a quarterly time frame.
- Austin Energy will collect apartment-related data from an external source quarterly as it is updated by Austin Investors Interest.
- Austin Energy will assess statistical differences between rebate participants and non-rebate participants; between levels of rebates; and across other related multifamily demographics.
 - With only two quarters of data, results are limited.
- Austin Energy will report semi-annually on the possible relationship between energy efficiency rebate participation and rent prices.

In order to provide quality comparisons, each rebate property was matched with a comparable property by location and/or class and year built. Including similar properties that have not gone through an energy efficiency rebate allows for better analysis of the impact of rebate participation on rental prices. Figure 1 provides a map of the rebate-participating properties in green and the comparable non-rebate recipient properties in brown. The majority of properties for this report are along the central corridor of Austin.

FIGURE 1. Participating and Comparable Properties



The data attached covers multifamily complexes with approved Letters of Intent (LOI), at or above \$50,000, from Quarter 3 of 2013 through Quarter 1 of 2014, as measured by calendar quarters, not fiscal. The average projected rebate for these properties in this report was \$106,890. The projected rebate costs covered approximately 84% of the total project costs for this sample. Attachment A provides the multifamily data tracked to create the report.

The data shows that rental prices per square foot for these properties vary from \$0.70 in Q3-2012 to \$2.09 in Q1-2014. The average rental prices for properties going through energy efficiency upgrades were within these bounds, from \$0.75 to \$2.09. The number of units per complex ranged from 50 to 624.

As no data point exists in isolation, relationships are drawn between points to better understand the data. These relationships are calculated using a correlation matrix. Table 1 provides the correlation matrix for the numeric data. The significant correlations are those above 0.50. Most notably, the relationship between rebate and kW savings indicates greater savings with greater rebate dollars. The relationship between average rent per square foot and kWh savings demonstrates greater energy savings in apartments with higher rents. With the kWh savings, it is anticipated that the electric portion of the utility bill will be lower, thereby offsetting higher rent per square foot.

TABLE 1. Correlation Matrix

Correlations	Avg Rent Per Sq Ft	Rebate	Number of Units	Bedroom Mix	kW Savings	kWh Savings
Avg Rent Per Sq Ft	1					
Rebate	-0.0802	1				
Number of Units	-0.0183	0.4430	1			
Bedroom Mix	0.3675	0.2394	0.2561	1		
kW Savings	0.2835	0.7592	0.7941	0.9551	1	
kWh Savings	0.6188	0.3036	0.1776	0.9633	0.6055	1

There was no consistent finding when comparing rebated complexes against similar complexes. As occupancy rates have increased, over 95%, rent per square foot has also increased. This was found for both rebated and non rebated complexes, yet not uniform across all properties. In other words, fluctuations in rent per square foot did not shown an upward trend but rather variations up and down.

Increases in rent were found in non rebated complexes reporting renovations including floors, appliances and amenities such as pools and fitness rooms. Improvement in rebated complexes comprise duct sealing, attic insulation, new HVAC equipment, water-saving devices, energy efficient lighting and appliances, windows and solar screens, and reflective roofs. The benefits of energy efficiency improvements over amenity improvements include the opportunities for lower energy use and utility bills, not found with pool or weight room improvements. Attachment B provides a table of the averages and standard deviations for the comparable rent per square foot costs.

Staff will continue to monitor the multifamily energy efficiency rebate program, as well as investigate the relationship between rebate program participation and rent variations. Preliminary analysis indicates no relationship between multifamily rebate participation and rent changes. Rent per square foot appears to remain a function of market conditions, occupancy, and property improvements. The consistent benefit of rebate participation is the reduction in energy use which can lead to lower utility bills for multifamily residents.

ATTACHMENT A
Multifamily Rebate Participation Data

Date of Project	Complex Name	Address	Description of Work Completed	LOI Rebate	Total Cost of Upgrades	Owner's Share of Cost	Average Rent by Sq Ft	Average Rent by Sq Ft - Yr 1	Average Rent by Sq Ft - Yr 2	Range of Rental Rates by Sq Ft
9/16/13	Archway	2506 Manor Rd Austin 78722	BetterBldgs	\$102,000.00	\$114,750.00	\$12,750.00	\$1.91			\$1.41-\$1.91
9/5/13	Arts at Turtle Creek	714 Turtle Creek Blvd Austin 78745	BetterBldgs	\$71,500.00	\$80,723.00	\$9,223.00	\$1.26			\$1.26-\$1.66
9/26/13	Arts South Austin	400 W St Elmo Austin 78745	BetterBldgs	\$99,000.00	\$111,870.00	\$12,870.00	\$1.24			\$1.20-\$1.24
9/11/13	Hudson Miramont	Travis Hills Dr Austin 78735	Duct Seal	\$99,373.50	\$110,415.00	\$11,041.50	\$1.11			\$1.11-\$1.23
7/24/13	Rustic Creek	7211 Northeast Dr Austin 78723	BetterBldgs	\$54,000.00	\$60,000.00	\$6,000.00	\$1.12			\$0.69-\$1.12
7/3/13	South Congress Commons	126 W Alpine Rd Austin 78704	BetterBldgs	\$51,000.00	\$56,941.00	\$5,941.00	\$1.57			\$1.34-\$1.57
8/13/13	Timbercreek	614 South 1st Austin 78704	BetterBldgs	\$132,000.00	\$147,840.00	\$15,840.00	\$1.83			\$1.34-\$1.89
7/18/13	Toscana Apts	13355 U.S. 183 Austin 78750	Duct Seal	\$121,598.00	\$135,109.33	\$13,511.33	\$1.05			\$1.05-\$1.08
7/10/13	Whisper Hollow	3300 Parker Ln Austin 78741	BetterBldgs	\$134,000.00	\$149,800.00	\$15,800.00	\$1.13			\$1.00-\$1.13
7/31/13	Woodland Corners	9008 Galewood Dr Austin 78758	BetterBldgs	\$51,500.00	\$57,225.00	\$5,725.00	\$0.91			\$0.91-\$1.23
3/17/14	Wildwood	7610 Cameron Rd Austin 78752	MERP	\$106,687.00	\$213,500.00	\$106,813.00	\$0.97			\$0.96-0.99

Date of Project	Complex Name	Address	Description of Work Completed	LOI Rebate	Total Cost of Upgrades	Owner's Share of Cost	Average Rent by Sq Ft	Average Rent by Sq Ft - Yr 1	Average Rent by Sq Ft - Yr 2	Range of Rental Rates by Sq Ft
1/10/14	Marquis at Center Ridge	701 Center Ridge Dr Austin 78753	Duct Seal	\$97,551.25	\$108,529.44	\$10,978.19	\$1.14			\$1.08-1.21
4/8/14	Club Creek	502 Longspur Blvd Austin 78753	MERP	\$107,999.00	\$120,500.00	\$12,501.00	\$0.92			\$0.83-0.95
5/13/2013	Meritage at Steiner Ranch (Monterone)	4500 Steiner Ranch Blvd Austin 78732	Duct Seal	\$200,000.00	\$264,473.00	\$64,473.00	\$1.03			\$0.91-\$1.03
2/13/2013	IMT Monterey Ranch-Canyons	4701 Staggerbrush Rd Austin 78749	Duct Seal	\$141,259.68	\$141,259.68	\$0.00	\$1.39			\$0.95-\$1.39

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Multifamily Rebate Participation Data

Complex Name	Range of Rental Rates by Sq Ft - Yr 1	Range of Rental Rates by Sq Ft - Yr 2	Reasons for Increase	Electric Bills	ECAD Participation	Estimated kW Savings Per Project	Estimate kWh Savings Per Project	Cost Per kW	Cost Per kWh
Archway			Market conditions	Tenants	Passing EUI	104.0	380,000	\$980.77	\$0.27
Arts at Turtle Creek			Market conditions	Tenants	Passing EUI	85.0	474,000	\$841.18	\$0.15
Arts South Austin			Market conditions	Tenants	Passing EUI	141.0	641,009	\$702.13	\$0.15
Hudson Miramont			Market conditions	Tenants	Passing EUI	139.0	208,493	\$714.92	\$0.48
Rustic Creek			Market conditions	Tenants	Passing EUI	40.0	183,000	\$1,350.00	\$0.30
South Congress Commons			Market conditions	Tenants	Passing EUI	48.5	164,000	\$1,051.55	\$0.31
Timbercreek			Market conditions	Tenants	Passing EUI	188.1	787,600	\$701.75	\$0.17
Toscana Apts			Market conditions	Tenants	Passing EUI	168.9	253,272	\$720.15	\$0.48
Whisper Hollow			Market conditions	Tenants	Passing EUI	207.0	430,000	\$647.34	\$0.31
Woodland Corners			Market conditions	Tenants	Failing EUI	26.0	153,709	\$1,980.77	\$0.34
Wildwood			Market conditions	Tenants	Passing EUI	205.6	363,286	\$518.91	\$0.29

Complex Name	Range of Rental Rates by Sq Ft - Yr 1	Range of Rental Rates by Sq Ft - Yr 2	Reasons for Increase	Electric Bills	ECAD Participation	Estimated kW Savings Per Project	Estimate kWh Savings Per Project	Cost Per kW	Cost Per kWh
Marquis at Center Ridge			Market conditions	Tenants	Exempt	136.0	204,033	\$717.18	\$0.48
Club Creek			Market conditions	Tenants	Passing EUI	146.9	237,419	\$735.19	\$0.45
Meritage at Steiner Ranch (Monterone)			Market conditions	Tenants	Passing EUI	367.2	550,860	\$544.60	\$0.36
IMT Monterey Ranch-Canyons			Market conditions	Tenants	Passing EUI	180.7	270,996	\$781.74	\$0.52

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Multifamily Rebate Participation Data

Complex Name	Number of Units	Project Cost Per Unit	Bedroom Mix	BR Adj	Comparison to Consumer Price Index
Archway	54	\$2,125.00	1, 2	3	Unable to compare at this time
Arts at Turtle Creek	96	\$840.86	2	2	Unable to compare at this time
Arts South Austin	140	\$799.07	1, 2	3	Unable to compare at this time
Hudson Miramont	278	\$397.18	1, 2, 3	6	Unable to compare at this time
Rustic Creek	54	\$1,111.11	1, 2, 3	6	Unable to compare at this time
South Congress Commons	50	\$1,138.82	1, 2	3	Unable to compare at this time
Timbercreek	198	\$746.67	1, 2, 3, 4	10	Unable to compare at this time
Toscana Apts	358	\$377.40	1, 2, 3	6	Unable to compare at this time
Whisper Hollow	219	\$684.02	1, 2	3	Unable to compare at this time
Woodland Corners	64	\$894.14	1	1	Unable to compare at this time
Wildwood	344	\$620.64	1, 2	3	Unable to compare at this time

Complex Name	Number of Units	Project Cost Per Unit	Bedroom Mix	BR Adj	Comparison to Consumer Price Index
Marquis at Center Ridge	348	\$311.87	1, 2	3	Unable to compare at this time
Club Creek	160	\$674.99	1, 2	3	Unable to compare at this time
Meritage at Steiner Ranch (Monterone)	502	\$398.41	1,2,3,4	10	Unable to compare at this time
IMT Monterey Ranch-Canyons	447	\$316.02	1,2,3	6	Unable to compare at this time

Comparable Rent Per Square Foot

[illegible]

ATTACHMENT B
Comparable Rent Per Square Foot

Property Name	3Q13	4Q13	1Q14	Avg	StDev	1Below	1Above
Archway	\$1.91	\$1.91	\$2.09	\$1.64	\$0.24	\$1.40	\$1.87
Comp 1	\$1.41	\$1.41	\$1.45				
Comp 2	\$1.66	\$1.78	\$1.78				
Rustic Creek	\$1.12	\$1.00	\$1.00	\$0.77	\$0.14	\$0.64	\$0.91
Comp 1	\$0.69	\$0.70	\$0.70				
Comp 2	\$0.74	\$0.76	\$0.76				
Arts at Turtle Creek	\$1.26	\$0.93	\$0.93	\$1.39	\$0.27	\$1.12	\$1.67
Comp 1	\$1.66	\$1.66	\$1.74				
Comp 2	\$1.55	\$1.53	\$1.53				
Comp 3	\$1.09	\$1.12	\$1.14				
Hudson Miramont	\$1.11	\$1.14	\$1.14	\$1.16	\$0.06	\$1.10	\$1.21
Comp 1	\$1.23	\$1.23	\$1.28				
Comp 2	\$1.17	\$1.20	\$1.20				
Arts South Austin	\$1.24	\$1.24	\$1.30	\$1.23	\$0.05	\$1.18	\$1.28
Comp 1	\$1.20	\$1.29	\$1.29				
Comp 2	\$1.23	\$1.27	\$1.34				
Comp 3	\$1.24	\$1.33	\$1.35				
Timbercreek	\$1.83	\$1.82	\$1.81	\$1.39	\$0.28	\$1.11	\$1.68
Comp 1	\$1.34	\$1.34	\$1.34				
Comp 2	\$1.59	\$1.59	\$1.64				
Woodland Corners	\$0.91	\$0.89	\$0.89	\$1.02	\$0.17	\$0.85	\$1.19
Comp 1	\$1.20	\$1.20	\$1.25				
Comp 2	\$1.23	\$1.24	\$1.32				
Toscana Apts	\$1.05	\$1.06	\$1.06	\$1.04	\$0.03	\$1.01	\$1.07
Comp 1	\$1.05	\$1.08	\$1.02				
Comp 2	\$1.08	\$1.05	\$1.04				
Whisper Hollow	\$1.13	\$1.14	\$1.14	\$1.03	\$0.06	\$0.96	\$1.09
Comp 1	\$1.00	\$1.00	\$1.02				
Comp 2	\$1.07	\$1.01	\$1.01				
Enclave	\$0.92	\$1.53	\$1.53	\$1.13	\$0.27	\$0.86	\$1.40
Comp 1	\$1.00	\$1.35	\$1.35				
Comp 2	\$0.92	\$1.66	\$1.74				

Property Name	3Q13	4Q13	1Q14	Avg	StDev	1Below	1Above
Meritage at Steiner Ranch (Monterone)	\$0.94	\$1.03	\$1.03	\$0.98	\$0.05	\$0.93	\$1.03
Comp 1	\$0.95	\$1.00	\$1.01				
Comp 2	\$0.95	\$1.10	\$1.10				
Comp 3	\$0.95	\$1.04	\$1.07				
IMT Monterey Ranch-Canyons	\$0.96	\$1.32	\$1.39	\$1.07	\$0.16	\$0.90	\$1.23
Comp 1	\$0.97	\$1.28	\$1.30				
Comp 2	\$0.95	\$1.32	\$1.39				
Comp 3	\$0.98	\$1.20	\$1.30				
Wildwood	\$0.96	\$0.99	\$0.99	\$0.96	\$0.10	\$0.86	\$1.06
Comp 1	\$1.08	\$1.08	\$1.08				
Comp 2	\$0.85	\$0.86	\$0.89				
Comp 3	\$1.07	\$1.07	\$0.87				
Marquis at Center Ridge	\$1.21	\$1.11	\$1.21	\$1.04	\$0.09	\$0.95	\$1.13
Comp 1	\$1.07	\$1.01	\$1.04				
Comp 2	\$0.86	\$1.03	\$0.92				
Comp 3	\$1.04	\$1.03	\$1.08				
Club Creek	\$0.93	\$0.95	\$0.95	\$0.93	\$0.06	\$0.87	\$0.99
Comp 1	\$0.99	\$0.99	\$1.04				
Comp 2	\$0.89	\$0.91	\$0.95				
Comp 3	\$0.89	\$0.89	\$0.98				