



June 29, 2016

Department of Environmental Health
200 W. 14th Avenue
Denver, CO 80202

RE: Energize Denver Task Force Recommendation

Director:

I am writing you today on behalf of the members of the Greater Denver Chapter of the Institute of Real Estate Management (IREM) to speak in opposition to the current recommendations of the Energize Denver Task Force. If you are not aware, IREM is an international organization, nearly 85 years old, which was founded on ethics and provides education and designations to those in the property management industry, the highest designation being the Certified Property Manager® designation. I am a Past President for our Chapter (2013) and currently serve as the Legislative Chair for the Chapter; I also serve on the National Legislative and Public Policy Committee for IREM.

Because of my active participation in the aforementioned roles, I consider myself relatively tuned in to what is happening legislatively in the industry. Quite frankly I was shocked and concerned to find out, just the day before yesterday, that the City of Denver is trying to push recommendations through without adequate and necessary input from the real estate management industry – the very people who will be negatively impacted by these new requirements.

In reading through the recommendations, it is clear that while the ideas were proposed with good intentions, no professional with any practical experience had any input in creating the recommendations. Although the Task Force has a number of professionals involved, through research we found that only one person is actually a property manager. That is unacceptable when determining policy that will so vastly impact the property management industry.

Following is a detailed list of the issues that IREM has with the recommendations, as it is currently written:

- 1) The recommendations were just brought to our attention on Monday, and only by our attending a meeting we had just been invited to attend a couple weeks prior; the task force has not reached out to any of the industry organizations for input or to even share that this is coming down the pipeline.
 - a. We have until June 30th to prepare a response which left us just a few days to understand the recommendations and their impact and draft a response. That time allowance is inadequate.
- 2) The Task Force has ONE person on it with any actual real estate management experience but 11 members in the energy conservation industry. This is egregiously inappropriate. In order to form good public policy, industry stakeholders (property managers) must be involved in the process. It is alarming that the City would want to enact mandatory policy that would negatively impacting an industry who contributes so much to the community (jobs, tax revenue, safe and sanitary

housing, business opportunities, etc.), and yet we were not invited in the beginning of the process to have input on how the policy could potentially have a significant financial impact on many industry members. Good public policy is made when all industries impacted by the policy are involved in the process.

- 3) In reading through the recommendations it is clear the Task Force does not have a realistic and true understanding of the impact these policies would have on the property management industry, in particular how much it will cost our members, and ultimately the tenants and owners of properties.
- a. The Task Force talked about the “tool” (Energy Star) being free, but no consideration is given to the massive cost associated with paying staff to collect and enter the data.
 - i. The length of time to collect this information is significantly greater than they noted. Many managers have several properties in their portfolio; if there are 10 or 100 properties significantly more hours of staff work is required to meet these requirements. For many property managers, an entirely new staff person will need to be hired in order to monitor several properties. Many of our members cannot afford to hire an extra staffer; the cost will be passed on to the tenant.
 - b. They have not considered the fact that while the staff is doing this work, it means they are not responding to their tenants/clients’ needs.
 - c. The Task Force contradicts itself when they talk about being able to reduce the rental rate and then comment that people are willing to pay more to live/work/play in an energy efficient property. At some point people will take their business, and their home out of this City, because it will be so incredibly expensive which will result in increased vacancy rates, requiring rental rate reductions, which will result in less income to the Owner who has just had to pay thousands of dollars for the mandated improvements.
 - d. The Task Force clearly doesn’t understand that costs like these get passed through to tenants via increased rental rates (multi-family) and increased CAMs (commercial office) and increased dues (commercial associations). So by forcing these improvements, you are also forcing rental rate increases in a city which is already one of the most expensive in the nation. The Mayor is pushing for more Affordable Housing in Denver but these mandated improvements will make this City even more expensive to live and work in. Because of our Marijuana laws, Denver has jumped from the 20th most expensive city in the US to the 15th most expensive city in less than a year. I’m sure we will continue to rise on that list and these mandated improvements will only make it happen even faster.
 - e. If the Task Force thinks this will only impact the landlord’s bottom line, they are mistaken. As previously stated, these costs get passed through to the tenants/owners and as those costs rise, then (in a commercial building) those employers have less money for paying their employees. On the multi-family side, the rents will be increased which means people have less money to save for a down payment on home of their own, to pay for living expenses, gas, or a vehicle to get them to work.
 - f. The Task Force Recommendation states that owners could get loans to cover these expenses but doesn’t take into consideration that the interest on that loan could completely offset the supposed reduction in energy costs.
 - g. The Task Force states improvements need only be made if the cost can be recovered in 2.5 years or less; there is no way to guarantee the cost of an improvement can be recovered in that time, there are too many variables which could change that timeframe.



- 4) The Task Force does not have a list of the properties to be affected which are already Energy Star rated; if they are requiring that Energy Star be used, I assure you Energy Star can run a detailed list of properties already in their system. Has the Task Force requested and analyzed this data??
- 5) The Task Force has excluded the buildings with the most waste (industrial and marijuana grow ops) from this program. They need to be fair in who will be required to participate in the costly program.
- 6) There is no guarantee that Xcel rebates will always be available to help cover the costs of improvements, potentially leaving some owners dealing with mounting costs on their own.
- 7) The Task Force has not taken into consideration the property's age, size, historic status, tenant demographics, building materials, etc.; all of these things impact a building's efficiency.
- 8) The occupancy exemption is too low (60%). Property managers understand that when a property is at 80% occupancy, or even 85% occupancy, the property is struggling and the manager is making significant financial and staff cuts to keep the power on and the heat and air working; with those items being the focus the last thing a property with that occupancy rate has money for is mandated improvements.
- 9) This is supposed to reduce energy use by 10% by 2020 but the improvements don't have to be installed until 2021 or later.

Please know, IREM wholeheartedly supports energy conservation and "green" thinking but we strongly oppose any mandatory policies that force our members to participate in an energy conservation program. Rather than mandatory improvements, we urge the Task Force and the City Council to consider public policy which incentivizes voluntary programs (such as benchmarking) through tax credits, tax deductions, cost savings, and so forth.

I believe this letter clearly states our opposition and concern pertaining to the Energize Denver Task Force Recommendation, as currently written; however, should you have any questions for me on this matter, please don't hesitate to contact me directly.

Sincerely,

A handwritten signature in blue ink that reads "Tiffany L. Jackson, CPM, CAM". The signature is fluid and cursive.

Tiffany L. Jackson, CPM, CAM
2013 President, 2016 Legislative Chair
IREM Greater Denver

President & CEO
Compass Management, LLC
7900 E. Union Avenue, Suite 1100
Denver, CO 80237
720.408.1200