Integrating Healthy Initiatives Into Multifamily Rehab

HAROLD TEASDALE
PRESIDENT, CO-FOUNDER
MINNESOTA BROKERAGE GROUP
Summary of Topics to be Covered

- Background
- Quality Rental Initiative (QRI)
- Acquisition & Rehab Strategy
- Three Property Profiles
- Lessons Learned
Launched Quality Rental Initiative (2002)

- “An innovative approach to transform the multi-family housing industry”

Goal: Create healthy apartments throughout Multi-family industry organization for owners & developers

Focus:
- Energy Consumption
- Air Quality in apartments
- Best products & procedures
Multi-family Owner/Operator

Issues

- High turnover
  - Forcing owners to offer incentives and discounts
- Little tenant loyalty
- Pervasive Mold and Odor
  - Costly repairs for reoccurring incidents

Opportunities

- Marketing “Quality Rentals”
- Turnover reduction
- Premium rents
- Owners can differentiate themselves
- Improve building operations
- Reduce costs
- Reduce maintenance cost
Issues To Tenants

- Americans spend 90% of time indoors
- Indoor Air pollutants (2-5 times higher)
- Asthma sufferers = est. 17 million Americans
- About 40 million Americans have allergies
- Environmental Tobacco Smoke (ETS) risks
QRI Areas of Focus

- Eliminate source of problem
  - Cosmetic fix is only temporary
- Odor
  - Most common tenant complaint
- Ventilation systems
  - Reliant upon tenant initiation
- Health conscious individuals
  - Increasing in size
QRI Program

- Industry-generated program
- Achieve higher quality indoor environment
- Higher performance products and more effective ventilation techniques
- Rating System
- Marketing advantage for owners
Best Practices

- Air Exchange
- Carpet, cushion and adhesive
- Paint
- Caulks and cleaning supplies
- Resource conservation
Poor ventilation create problems

- Roofing breakdown
- Windows and window sill damage
- Sheet rock deterioration
- Moisture & mold
Acquisition & Green Rehab

Ideal opportunity to emphasize commitment to land & environment through green renovation
Typical Renovation

- New windows
- Siding
- Mechanicals (including ventilation)
- New appliances
- Interior apartments
  - Kitchens, bath, carpet & flooring
Green Renovation

- Employs energy efficient & air quality improvements
- Environmentally-sustainable building materials
- Landscaping, storm water management & natural plantings
Orleans Homes, Stillwater MN

1986 – 124 Units
$1.4 Million Renovation

Renovation 2007

- Continuous flow ventilation systems
- Fluorescent light bulbs in units
- Energy star washers & dryers
- Additional storm windows added to reduce heating costs
Sustainable building materials
- James HardiePlank Siding
- Carpet tiles
Orleans Homes

**Natural Landscaping**

- Great River Greening created plan

- Incorporated rain gardens & natural plantings
Renovation 2008-2009

- Certainteed fiber cement siding rather than HardiePlank
- Metal shingled roofs
- Fiberglass-framed windows
Energy Efficiency
- Geothermal heating and air conditioning
- Energy-efficient water heaters
- Cultured marble bath surrounds
Natural Landscaping

- Raingarden ~ Reduction of polluted runoff

- Raingarden- shallow depression that receives storm water from nearby impervious surfaces
Charter Oaks
Stillwater, MN

1981- 60 Units
$2.9 Million Renovation

Renovation: In Process

• HardiePlank siding
• Community room
• Full sprinkler system
Charter Oaks

Energy Efficiency

- Low-flow water fixtures
- New windows
- Full roof insulation
- Air conditioning coils (rather than wall)
Charter Oaks

- New Community Building
Lessons Learned

- Air quality improvements ranks high - immediate benefit
- Keep budget expectations realistic - Green costs more
- Limit use of carpet squares
- Close coordination needed with all parties
- Educate tenants
- Ask questions & have a healthy skepticism