

Austin home sellers to have new chore: energy audits

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Come Monday, many Austin home sellers will have one more chore, along with touching up the paint and sprucing up the yard, before putting their house on the market.

That's when a new city ordinance kicks in that requires sellers of homes older than 10 years to get an energy audit and disclose the results to prospective buyers.

City leaders who approved the audits last year said it was one more way to reduce Austin's energy consumption and make Austin greener, although sellers are not required to make any improvements as a result of the audit. The idea is to encourage sellers or buyers to make their houses more energy-efficient.

But with the requirement taking effect in a slower housing market, some real estate agents say it could delay or torpedo sales and will add costs for sellers.

"There's never a good time to add fees to a transaction," said City Council Member Mike Martinez, "but I think this requirement is a good thing. It allows the consumer to fully understand the purchase they're about to make. If you spend hundreds of thousands of dollars on an investment, you would want to know how efficient that investment is going to be for you."

As for sellers who may be concerned that the ordinance could hurt their negotiating power, Martinez said: "It's no different than a home inspection. The consumer needs to know what they're buying."

The audits are expected to cost \$200 to \$300 for a typical home of 1,800 square feet or less. Austin Energy anticipates that 3,000 to 4,000 homes a year will be audited under the ordinance.

Jay Gohil, chairman of the Austin Board of Realtors, said the ordinance "is reasonably acceptable for buyers as well as sellers."

The board was represented on the task force that created the ordinance, along with contractors, city officials and others, and fought successfully against any provision that would require sellers to make energy upgrades.

"With the cost of electricity rising, it's an important part of knowing if you can afford a home. Buyers are looking for houses with lower utility costs," Gohil said.

But Robin Curle, an agent with JB Goodwin Realtors, said the ordinance "needs to be overturned or revised."

"The ordinance might have been a good idea in a very hot real estate market, but to pass it this year when the market is recovering from a slowdown ... will only slow the contract process and give buyers one more thing other than repairs to negotiate," she said. "Now they can also negotiate (energy) upgrades, which puts us at risk for a hit on the market."

Michael Lucy, whose four-bedroom home in Northwest Austin is on the market for \$489,000, said he got widely varying quotes on the energy audit and eventually paid \$400.

Lucy said he is all for the city promoting energy conservation but thinks that the audit requirement is misguided because sellers have no incentive to make upgrades.

"They should involve the people with a vested interest in the future of the home, not the people that are on their way out the door, literally," said Lucy, who works for a pharmaceutical company. "There's no reason in the world why this should be tied to the purchase or sale of a house."

The ordinance was part of Mayor Will Wynn's initiative to reduce energy use in Austin and the need for new power plants, thus shrinking the city's carbon footprint.

After months of work by the task force, the City Council unanimously passed the ordinance in November, setting June 1 as the effective date. The ordinance also has provisions for multifamily properties and commercial buildings.

A City Council resolution accompanying the ordinance includes a goal of having 25 percent of homes sold between June 2009 and June 2010 receive upgrades and more homes in later years.

The reports must be done by auditors who are certified by the Building Performance Institute, a national educational organization for home performance contractors. Austin Energy lists 45 approved inspectors on its Web site.

The audits will cover issues such as how much insulation the house has and the condition of the heating and cooling equipment and include recommendations for improvements.

Sellers must provide a copy of the report to buyers. The auditors are required to provide a copy of their report to Austin Energy within 30 days.

The ordinance says violations are a Class C misdemeanor, punishable by a fine of up to \$500.

However, an amendment bound for a conference committee in the state Legislature could strip the ordinance of its teeth.

The amendment says that "a municipality may not impose a criminal penalty on the seller of real property for the failure to perform an energy audit." Rep. Jim Keffer, R-Eastland, filed the amendment to an energy efficiency bill introduced by state Sen. Troy Fraser, R-Horseshoe Bay.

Ed Clark, a spokesman for Austin Energy, said that on average, a home that is 25 to 30 years old and has never had energy improvements wastes 30 to 50 percent of the energy it uses.

Austin Energy offers rebates or zero percent loans for energy upgrades. In the past five years, 23,800 residential customers have made improvements that collectively reduced their energy use by 38 million kilowatt-hours and saved a total of \$3 million on their energy bills, according to the utility.

Jay Carter, an agent with LivingInAustin.com, a real estate Web site, said that it's a good idea for homeowners to have the audit done and take care of any issues they can afford to get done.

"It's going to make the property sell a little faster, in my opinion," he said. With uncertainty about jobs and the economy, "buyers are looking for peace of mind right now. They want to make sure the AC's not going to break down in three months."

Courtesy of JB Goodwin