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## Energy efficiency ordinance softened

Energy audits replace mandatory upgrades

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**The city of Austin has backed away from an aggressive — and highly controversial — proposal to require energy efficiency upgrades on most single-family and commercial properties at the point of sale.**

Earlier this year, a city-appointed task force considered creating new laws that would mandate features like adequate duct sealing, insulation and weather stripping as conditions for selling or renting homes or buildings. **Realtors balked, saying such requirements would dramatically increase the cost and time to sell property.**

The city and stakeholders listened, and a proposal is set to go to City Council next month that has largely removed the teeth from the original one. **The new proposal eliminates mandatory upgrades, even eschewing backstops that would automatically trigger a revisit to the originally proposed rules.**

**Under the proposed energy efficiency upgrades ordinance, a single-family home must conduct an energy performance audit before being sold, with the results to be disclosed to prospective buyers.** All commercial and multifamily buildings will be required within two years of the ordinance's effective date, which has not been determined, to conduct an energy audit, the results of which will be shared with tenants and prospective buyers.

Such audits will become negotiating points among buyers and sellers, enabling energy efficiency upgrades to be market-driven, says Socar Chatmon-Thomas, chairwoman of the Austin Board of Realtors.

"The buyer, given a choice with all of the information available, will choose the home that will eventually save them money," she says. "Over time, buyers will choose the homes that will be more energy efficient, and so if you have upgraded, great. If you don't, you will be priced accordingly."

The most cost-effective upgrades — such as duct sealing, weather stripping and energy-saving light bulbs — that are becoming more standard may not affect the value of a home as much, says Nathan Doxsey, owner of Texas Green Realty and a stakeholder on the task force. But the market will encourage sellers to install more sophisticated improvements to add value to homes, he says. Rental property owners, however, may lack incentive to invest in upgrades because it's more difficult to pass along such costs to tenants.

“Rents are market-driven, so you can’t recover that cost,” Doxsey says. “Apartments are too much of a commodity, and unless the whole region increases their prices, [renters] are just going to go to the next complex.”

### **Standing to gain**

As the general manager of a 30-year-old air conditioning and weatherizing company, Chris Strand thinks he’ll get a healthy bump in business without mandatory upgrades. His company rakes in \$12 million a year, mostly for air conditioning services, which include installation and repair.

The other part of Strand’s business, accounting for less than 20 percent, provides building performance upgrades such as high-efficiency cooling equipment and solar screens. It’s work that Strand, an energy conservation enthusiast, hopes will pick up.

“I can’t see that people aren’t going to do it,” says Strand, who was a member of the task force. “We’re hoping in the climate we’re in and with energy the way it is, people will want energy-efficient homes and want to make these improvements.”

Typically, Strand gets building performance work by voluntarily evaluating homes where he does air conditioning services for things such as adequate attic insulation or the integrity of duct work. He thinks the new ordinance will prompt calls from people who have energy audits done. To entice homeowners to upgrade, Austin Energy has pledged more than \$70 million in rebates.

### **Voluntary targets**

The proposed ordinance also includes targets, based on voluntary participation, that will be evaluated by the city. For example, the targets seek to increase the percentage of single-family homes that undergo specified upgrades from 25 percent in the first year after the ordinance is passed to 85 percent in the fourth year. Multifamily and commercial properties have their own targets, depending on their age and efficiency rating.

Kyle Gillman, president of the Austin affiliate of the international Building Owners and Managers Association, which oversees 35 million square feet, or about 80 percent of local commercial space, says BOMA was an early adopter of energy efficiency benchmarks that surpass the city’s targets. Since last year, BOMA International has pledged to be carbon-neutral by 2030, and its Austin members have committed to reduce energy usage, as a portfolio, 30 percent by 2010.

“There are substantial business-driven benefits for building owners and managers to enhance energy efficiency, including lower operating costs and added value to buildings,” Gillman says. “We think the free market system is the best way to achieve that — how to budget it and implement it on a timely basis.”

**Courtesy of JB Goodwin**