

## Advocacy Update

### **DEFEAT the Portland Mandatory Energy Audit Required Prior to Listing**

By Jane Leo, PMAR Governmental Affairs Director

*Proposal would require home energy score audit to be conducted prior to home being listed for sale. Score to be posted on portlandmaps.com.*

PMAR members are being called upon to help defeat Portland's proposed mandatory energy score audit prior to a home being listed for sale. The highly flawed proposal unnecessarily burdens some home buyers and sellers. Your clients could be hurt if Portland goes forward with the mandate. If you don't speak out, someone else will and they may not share your opinion or expertise as a Realtor®.

Mayor Charlie Hales issued a statement in early September inviting the public to comment on a proposed pre-listing home energy score policy. (Access the draft policy here: [www.portlandoregon.gov/bps/homeenergyscore](http://www.portlandoregon.gov/bps/homeenergyscore).) Via the link, you can read the draft proposal and submit comment (deadline September 28). The City is hosting a public open meeting—to answer questions and receive input—at 6 p.m. on September 20<sup>th</sup> in the Portland Building Auditorium located at 1120 SW 5<sup>th</sup> Avenue, Portland. I'll be there. Will you join me? The more voices that speak on the proposed mandate, the better.

With the adoption of the Portland Climate Action Plan (summary and full plan available at <https://www.portlandoregon.gov/bps/66993>), the City Council set a goal to reduce carbon emissions 80-percent by 2050. According to the Plan, residential buildings contribute nearly half of the emissions generated by buildings. Although 600 energy score audits were voluntarily conducted in 2015 and the City has seen a reduction in carbon emissions overall (by 14-percent since 1990), the draft Energy Score proposal argues that the City's goal set out in the Climate Action Plan cannot be reached unless mandates are placed on homes (existing and new) to reduce the carbon footprint.

While this is an admirable goal worth achieving, the Energy Score Audit proposal will not achieve the results hoped for by the City. The mandate proposal is flawed, unnecessarily burdensome, and makes unsubstantiated assumptions.

**The Climate Action Plan goal cannot be met.** A mandatory Home Energy Score Audit provides the potential buyer with pieces of paper. For the cost of the audit (stated in the proposal as \$150 to \$250) money would be better spent adding insulation in the attic, duct sealing, or window caulking. In a report issued by Portland State University in collaboration with the Lawrence Berkeley National Laboratory<sup>1</sup>, the authors state, "If home energy audits were to pay

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<sup>1</sup> How Well Do Home Energy Audits Serve the Homeowner?, Aaron Ingle, Mithra Moezzi, and Loren Lutzenhiser, Portland State University, Richard Diamond, Lawrence Berkeley National Library, 2012 ACEEE Summer Study on Energy Efficiency in Buildings

greater attention to behavior, they could potentially provide customized guidance on behavioral conservation that is more useful and salient...”

Further, on average, only 4 to 6-percent of the total number of residential units in the City go up for sale in a year. In some cases, it is the same house being repeatedly listed. The seller of this home would be required under the City’s proposal to pay for an Energy Score Audit before listing the home for sale. Meanwhile, the home next door, that’s had the same owner for 20, 30, even 60-years would not be required—or incentivized—to have a Home Energy Score Audit.

### **Incentives are a Better Approach to reducing a home’s carbon emissions.**

#### **The Cost of the Energy Score Audit and Providing the Score to the City Harms Some Sellers.**

Not all home sellers have the ability to pay for the audit prior to receiving proceeds from the sale. This creates a hardship. Although the proposal outlines possible exemptions for low income home sellers and those facing foreclosure, to get such an exemption requires approval by the City, which can delay getting the house on the market. A quick sale to help someone avoid foreclosure may not be possible.

There are no reprieves for the home seller that is not computer literate, does not own a computer, or does not have access to internet from the requirement to upload a copy of the energy score audit and send it to the City. The City clearly states it intends to post the scores to portlandmaps.com. Such public exposure of a home’s score may devalue the home, robbing the seller of the equity they’ve earned on the largest financial investment of their lives.

Experts on the mortgage lending side inform me that underwriters review portlandmaps.com. This is where they investigate open building permits. If the underwriter sees a low energy score, it can be used as a reason not to finance unless the upgrades are made. Who’s hurt are the buyers who rely on financing.

**Delayed Sales Harm Sellers and Buyers.** A lack of certified auditors to perform the energy score audit can have negative financial consequences for the seller who will suffer unnecessary delays. Stated In the City’s proposal, 600 energy score audits were performed in Portland in 2015. This represents approximately 4.5% of the total number of single family homes sold in 2015.<sup>2</sup> There are no guarantees there will be an adequate number of certified auditors to provide scoring on more than twice that many homes (under the City’s proposal, new construction would have to comply with the mandate). As the demand for the energy audit increases—under the mandate—but the number of auditors do not, the cost of the energy score audit would increase. Aren’t we seeing this now with the shortage of appraisers?

**Conflict of Interest.** During a meeting with City staff, we were informed the energy auditor can also be the person who can provide the energy efficiency upgrades. Conflict of interest.

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<sup>2</sup> Source: Stewart Title. Includes resale, cash sale, subdivision/new construction for Portland area zip codes, 9/8/2016.

The City's proposal is written based on today's marketplace. Any Realtor® who's been in the industry a few years knows this is a faulty assumption. The market is cyclical. Not all homes sell for the profit margins reported in the City's draft and not all sellers have money to spend prior to—or even following—the transaction.

Your voice and expertise are needed. Comment on the draft proposal.

[www.portlandoregon.gov/bps/homeenergyscore](http://www.portlandoregon.gov/bps/homeenergyscore). If you don't someone else will.

#### **OPPORTUNITIES FOR INPUT**

Open Public Meeting: Learn More and Comment Portland Building Auditorium, 1120 SW 5 <sup>th</sup> Avenue	September 20
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Public Comment Period Closes	September 28
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Planning and Sustainability Commission Presentation And Hearing 1900 SW 4 <sup>th</sup> Avenue, Portland, 12:30-4:30	October 11
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City Council Hearing -- Expected late October	
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