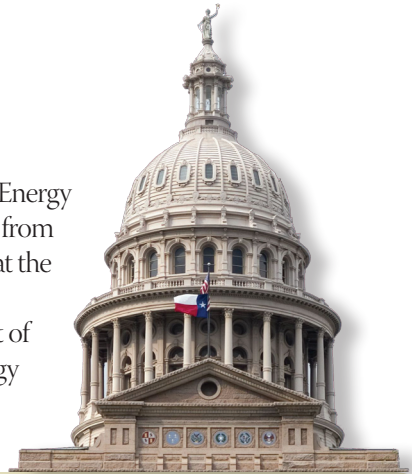


ENERGY EFFICIENCY ORDINANCE OVERVIEW

With the passage of the Climate Protection Plan in February 2007, the City of Austin and Austin Energy began addressing issues involving energy efficiency. To alleviate the pressure of growing demand from Austin Energy's service area, the City of Austin intended to mandate energy efficiency upgrades at the time a home was sold. In response, the Austin Board of REALTORS® worked to address private property rights and homeowner affordability issues surrounding proposed mandates at the point of sale. The timeline on the following page documents the series of events leading to the 2009 Energy Efficiency Ordinance.



Quick Facts on the Energy Efficiency Ordinance

What is required under the new ordinance?

Homeowners selling their homes in Austin will be required to obtain an energy audit and to disclose the findings of that audit as part of their regular seller's disclosure notice.

Who does this affect?

Homeowners with properties that lie within the Austin city limits and are serviced by Austin Energy are affected by the ordinance.

Who will conduct the audits?

Energy audits will be conducted by professionals who have been certified by either the Residential Energy Services Network (RESNET) or the Building Performance Institute and who are registered with Austin Energy as approved contractors for this program. We anticipate that a list of registered professionals will be posted on the Austin Energy Web site, www.austinenergy.com, by mid-April.

When does the audit need to be completed?

The energy audit is required as a part of the seller's disclosure, so it must be completed before the home sale closes. Austin Energy and ABoR encourage homeowners seeking to increase their energy efficiency and save money on the high cost of utility bills to have an energy efficiency audit conducted before thinking of selling their homes. Early audits may help homeowners identify possible areas of improvement and could help prevent last minute scrambles should a homeowner decide to sell his property at a later date.

How long do the audits last?

Each energy efficiency audit will be good for 10 years under the current ordinance rule.

Are there any exemptions?

Yes, several. Properties in foreclosure or pre-foreclosure, properties subject to eminent domain, transactions between family members and properties under court order, in probate proceedings or under decree of legal separation or dissolution of marriage are all exempt. In addition, properties that are fewer than 10 years old, manufactured homes designed for use without a permanent foundation and properties owned by participants in designated Austin Energy Electric Utility programs or buyers who agree in writing to participate in these programs within six months are also exempt.

ENERGY EFFICIENCY ORDINANCE TIMELINE



February 2007

Mayor Wynn's Climate Protection Plan Launched

Austin Mayor Will Wynn released the Climate Protection Plan with the goal of making Austin the greenest city in the country. The plan includes a goal to "implement the most energy efficient building codes in the nation and aggressively pursue efficiency retrofits and upgrades to existing building stock."

December 2007

Energy Efficiency Upgrades Task Force Created

Austin City Council Resolution No. 20071213-064 established the Energy Efficiency Retrofit Task Force to "make recommendations for development of an ordinance relating to energy efficiency upgrades and retrofits for existing homes and buildings." The language in the resolution bound the task force to enforcing energy efficiency mandates when a homeowner attempts to sell an existing home. That meant homeowners seeking to sell their property would have shouldered the financial burden of costly upgrades.

March 2008

Energy Efficiency Retrofits Task Force Agrees on Aggressive Project Charter Objectives

The task force voted on a Project Charter in which all "protocols" (i.e. energy efficiency upgrades) would "be triggered at the point of sale." Notably, there was no discussion regarding alternative methods of achieving greater energy conservation beyond mandated upgrades at the time homes sold. The charter also called for two additional inspections: 1) an initial energy audit to identify necessary upgrades and 2) a confirmation that upgrades had been completed. These inspections would have been required before a home could sell.

April 2008

Task Force Considers Requiring Certificate of Compliance Before Selling Home

The task force documents stated, "the specified improvements MUST be performed before the house is sold." The requirement was part of the initial framework that would have mandated upgrades and inspections before property transactions could take place. At that time, the cost of upgrades were intended to be capped at between one and three percent of the cost of the home, equating to thousands of dollars.

KeepAustinAffordable.org Launches

The Coalition to Keep Austin Affordable, led by the Austin Board of REALTORS®, launched KeepAustinAffordable.org. The campaign and Web site were designed to inform Austin homeowners about the potential impact of the proposed "Point of Sale Ordinance." The goal was to support energy efficiency in Austin through positive means—such as strong incentives and consumer education—while supporting homeownership opportunities for Austinites.

May 2008

ABoR Makes Alternative Proposal Presentation to City Task Force

ABoR past chairman and Energy Efficiency Retrofit Task Force member Charles Porter presented an alternative proposal to fellow task force members to promote an energy efficiency plan that excluded expensive upgrades. ABoR proposed that broad disclosure, comprehensive incentives and extensive consumer education would lead to voluntary conservation amongst Austin's homeowners. ABoR's proposal would also prevent the damaging effects that a mandate would impose on the housing market.

June 2008

Task Force Considers Hybrid Program that Includes Mandatory Backstop

The Energy Efficiency Retrofit Task Force discussed a voluntary "energy-saver home" program for Austinites, in which specific thresholds would have to be met in order to avoid mandatory energy-efficient upgrades at the point of sale. "If the [participation] targets are not met in any two consecutive years," said a task force draft document, "energy upgrades would automatically become mandatory." Because of its unrealistic goals, the plan incorporated a two-year waiting period before point-of-sale upgrades were mandated.

September 2008

Task Force Affirms Right Approach to Making Austin Housing More Energy Efficient

The 28-member task force overwhelmingly opposed mandatory retrofits for existing homes at the point of sale and was unanimously in favor of a program that closely resembled the proposal made by ABoR in May.

November 2008

City Council Votes

The Austin City Council approved a city task force's recommendation requiring Austin homeowners to have energy audits completed before selling their homes. ABoR advocated for and supported this vastly different outcome from the task force's original charge.

June 2009

Energy Efficiency Ordinance Goes into Effect

Please check www.abor.com for more information about the new ordinance details as they become available.