



The Oregonian

Portland slows down on green

Sustainability - After blindsiding homebuilders, city leaders rethink efficiency taxes with more public input

Thursday, December 27, 2007

DYLAN RIVERA
The Oregonian

It was a bombshell to Portland homebuilders when city officials announced at a Chicago conference last month that every new building in the city would be taxed unless it reached a higher level of energy efficiency.

Now, back home and faced with resistance, Portland officials are slowing their pace and spending a few months to deepen involvement by the public -- including builders and Realtors -- in creating the nation's most ambitious approach to sustainable housing and construction.

City Commissioner Dan Saltzman, who originally planned to have a draft ordinance by January, will form a committee to refine the policy in hopes of bringing it to the City Council in three to six months.

"We're reaching out and trying to embrace more interests and move ahead at the same time," Saltzman said.

Though problematic in Portland, the Chicago announcement boosted Portland's leadership role in sustainable development. Cities from San Francisco to Toronto have sought drafts of the proposal. Regulations that demand sustainable development spur the growth of local real estate, architecture and engineering firms that pioneer those construction methods, advocates contend.

Details are still being worked out. But so far, the policy includes:

For new homes and commercial buildings, three options for their energy efficiency. Meet the state's code and pay a fee to the city; beat the code's efficiency requirements by 30 percent and pay no fee while qualifying for incentives from the state and local nonprofits; beat the code by 45 percent and get a cash rebate from the city, in addition to the other incentives.

For existing homes and commercial buildings, owners would be required to disclose energy and stormwater performance to potential buyers or tenants.

Incentives for developers building green, and energy efficiency training for building trades workers.

The rules would take effect in 2010.

The stakes are high for a city that has declared it will reduce oil and natural gas use and its greenhouse gas emissions. Buildings are responsible for 48 percent of annual U.S. energy consumption and greenhouse gas emissions.

Higher price tags

The building and real estate industries were shocked by Saltzman's announcement. The proposal would mandate energy efficiency standards that local builders are already adopting, said Jim McCauley, who handles government affairs for the Home Builders Association of Metropolitan Portland. It could add to the

cost of housing, perhaps by as much as \$5,000 or more per dwelling, he said. For real estate agents, it would introduce new inspections for homeowners to conduct when selling a home.

That Saltzman traveled 2,000 miles away to announce the idea only added mystery.

"We have a lot of questions," said Jane Leo, governmental affairs director for the Portland Metropolitan Association of Realtors.

The first question was how the proposal appeared to come out of nowhere. The Portland Office of Sustainable Development drafted Saltzman's green building proposal, mostly with input from energy and real estate professionals already active in sustainability.

But the Bureau of Development Services issues building permits and reviews new construction, so it would be the main enforcer of any new policy. Its citizen advisory committee was working on a green building proposal that consisted mainly of incentives, Leo said.

"Why do we have two different bureaus doing two different things?" she asked. "And one appears to be a public, open process while sustainable development has just hit us all."

Incentives proposed

The Office of Sustainable Development says the development services bureau and advisory committee both had members participate in drafting the green building code. That committee issued a report recently suggesting incentives for green building but also asking for regulations that would give preference to building projects that pursue sustainability.

"We're using all of their regulations as the foundation for the policy work that we're doing," said Peter Hurley, green building program manager for the Office of Sustainable Development. "The two are quite well-integrated."

Incentives aren't enough to change the market, Hurley said. For example, Energy Star, the U.S. Department of Energy's conservation program for homes, has grown in four years to comprise 7 percent of Oregon's new home market.

At that rate, the program would capture the whole market in 56 years, Hurley said.

"We don't have 56 years to continue building energy inefficient homes or businesses," he said.

Conversations between Saltzman and the industry groups have generated adjustments. In April, the state building code will require new buildings to be 15 percent more energy efficient. Saltzman will adjust his proposal to give builders credit for meeting the new code. So buildings that beat the new state code by 15 percent -- thus 30 percent more efficient than the current code -- would not be charged a carbon fee.

The proposal does represent a big new step in city involvement in reducing the region's greenhouse gas emissions. Since 2000, Portland has required all new city buildings and major renovations of city buildings to meet green building standards in the Leadership in Energy and Environmental Design, or LEED, program.

But Portland doesn't have requirements or incentives for private developers that pursue LEED certification or other green programs. Local nonprofits provide some incentives, and the state's Business Energy Tax Credit provides credits that can be sold for cash.

Commercial interest

Portland's largest commercial real estate investors and developers, many of whom already use the LEED system, seem more amenable to Saltzman's proposal than the residential industry.

Parking and real estate magnate Greg Goodman said his Downtown Development Group would be among the most significantly affected by new rules for commercial development. His family firm is trying to redevelop parcels that total about 13 city blocks in the city's core.

"I think it's great. It's the type of deal that we need to be doing and that helps define our city," Goodman

said. "We're incentivizing people to do what's right and to be into sustainability."

John Russell, who renovated downtown's 200 Market Building with energy and water conserving retrofits, said the policy would give developers an incentive to push their building engineers and designers to boost efficiency and cut costs.

David Hassin, a builder of custom homes and small commercial space in North Portland, said he has seen green building go from an unheard of niche to something nearly all his customers ask about. He favors the new policy.

Still, he said, many builders would find incentives such as expedited permitting as important as direct financial assistance to encourage green construction.

"The reality is that it's going to make things a little more complex and more expensive, but the outcome is that the Earth benefits from it," said Hassin, of Terrafirma Building Inc. "The construction industry has been doing things a certain way for so long, and it's very difficult for them to change."

Dylan Rivera: 503-221-8532; dylanrivera@news.oregonian.com For environment news, go to <http://blog.oregonlive.com/pdxgreen>

©2008 The Oregonian