

Charleston Park Place  
Portland, OR

Case Study: August 2009

Real Estate Agent Version



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Northwest EcoBuilding Guild  
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## **Outline**

Charleston Park Place is a 99 unit affordable housing community in north Portland, developed by Home Ownership One Street at a Time Development Inc. (HOST), a non-profit corporation, and certified under the Earth Advantage® certification program.

This case study highlights the influences involved in creating affordable green homes while at the same time examining whether these particular homes when sold, achieved superior absorption rates and/or price point premiums for the green features that were included. The real estate analysis was done specifically via Paired Sales Analyses that ensured that comparable properties were used which had no distinguishing green features. Traditionally, appraisers have had to rely on more anecdotal indications of the market value of green amenities.

This case study would not have been possible without the tireless cooperation of Brianna Conrow, HOST's current office manager, formerly the project manager for the Charleston Park Place development.

We would also like to thank both Sterling Hamilton of Hamilton Investments and Ben Kaufman of GreenWorks Realty who independently reviewed this case study, providing healthy critiques.

## **Project Description**

Between 2001 and 2004, Earth Advantage (EA) worked with HOST, through its high performance housing program, to design and certify a 99 unit affordable housing community. Earth Advantage led the certification effort applying their knowledge and expertise regarding sustainable, high performance, and cost effective housing. Using the Earth Advantage certification program, all 99 houses built focused on a range of performance criteria that ensured qualified houses achieved significant performance improvement over traditional house design and construction. Criteria included siting, house footprint, building envelope, materials, construction techniques, HVAC, lighting, air quality, water use/conservation, and landscaping.

The site chosen is nearly 13 acres, within two adjacent parcels, and is located in North Portland within the community of St. Johns. During WWII it had been used as war housing for ship builders. After the war, these inadequately constructed houses were deemed unfit and torn down. The Portland School District and the Portland Parks Bureau eventually came into ownership of the parcels; however the land lay vacant for many years. HOST Development acquired in the mid 1990s one of the two parcels from the Portland School District, who was selling surplus land. Since the school district was not going to develop their site, there was no need for the Parks Bureau to retain their parcel. HOST paid fair market price for both the School District piece and the Parks Bureau piece.

The lots average 3,500 square feet. HOST had seven detached house plans that were scattered throughout the site. The houses ranged from a single story 2 bedroom/1 bath at 944 square feet to a four bedroom/2 bath and 2 stories at just under 1,600 square feet. The vast

majority of the houses were 3 bedroom/1.5 baths, 2 stories at 1,250 square feet average. During the course of the project, some of the plans were slightly modified for what was perceived to be a better floor plan; however the footprints did not change.

There were a total of five home builders that were selected to build for a set contract price, which met HOST's financial requirements as well as their particular building specifications.

### **Rationale/Business Case**

HOST's mission is based on the belief that strong, healthy communities are created and sustained when homeowners have a stake in their neighborhoods. HOST's objective was to provide lower income homeowners the same level of high efficiency; high performance housing that typically was available to more expensive custom homes.

In understanding whether affordable green housing can be developed under normal market conditions or whether it depends upon special conditions, it was explored whether HOST had benefited in any of the following areas: below market price paid for the land, grants, incentives, standard or preferential loan to equity ratio (LTV), preferential interest rates, below market sales prices.

- **Below market price paid for the land:** The subdivision comprised of two parcels of land that were appraised at and purchased at fair market value. According to Brianna Conrow, the negotiations with both the Portland School Board and the Portland Parks Bureau were fairly normal in real estate negotiations, focusing mainly on timing and terms.
- **Grants:** HOST benefited from a small grant (less than 10% of total site development costs) from the Portland Development Commission (PDC) to offset some of these costs which reduced their basis in the land and site development.
- **Incentives:** The tax abatement program is a state program that is provided to specific locations that are in need of development or redevelopment and is administered by PDC. The value of the improvement, in this case a house, is exempt from property taxes for 10 years; property taxes are paid on the assessed value of the land. It should be noted that when the real estate analysis was conducted, the appraiser chose comparable properties from the St. John's neighborhood that were also eligible for the tax abatement program.
- **Rebates:** HOST received some rebates from Portland General Electric (PGE) for the energy efficiency elements that were employed in the construction of the houses. When queried, the project manager couldn't remember how much the rebates were



for this project. However, rebates were available to any builder providing energy efficient elements.

- **LTV:** 90% or standard for that time period, however due to HOST's limited financial resources, US Bank capped the number of homes that could be under construction at any one time to ten. Consequently it took HOST almost three years to develop out the whole project.
- **Preferential Interest Rates:** The lender was US Bank when it was owned locally. HOST was offered Prime plus 1% which could be considered preferential or simply that which is offered to an organization with a strong credit rating.
- **Below Market Sales Prices:** The analysis conducted by Watkins & Associates (see later) clearly demonstrates that while targeted to the affordable housing buyer, the sales prices achieved by HOST were actually at the top end of the price range for this type of housing.
- **Assistance with Closing Costs:** At the time HOST offered a loan program to qualifying buyers called "Pay It Forward" in which buyers who were less than 100% of median income qualified for up to \$5,000 in closing cost assistance. If the buyers owned the home for less than 3 years, then they were liable to repay the entire loan plus 9% simple interest. If the buyer owned the home for 3 years or more, no interest was assessed and HOST thereafter forgave the subsidy 1/60<sup>th</sup> for each month of occupancy. After 8 years the loan was fully forgiven. None of the homes selected for the market based analysis (see later) had received closing cost assistance, although in the Post Occupancy Survey, this assistance is noted as a contributing factor in attracting buyers to the Charleston Park Place subdivision.

### **Key Green Features and their Benefits**

At the time of the development of Charleston Park Place, Earth Advantage was owned by PGE. It was only in 2005 that Earth Advantage was spun-off from PGE to be a non-profit in its own right. In 2009 Earth Advantage became Earth Advantage Institute and has upgraded its certification program to include a Silver level. It is this early history with PGE which explains an unusual feature of the Earth Advantage Points Worksheet and which represents an important distinction from other green certification checklists in the region.

The original checklist had been created by a team of building and energy experts gathered by Clackamas Community College. Core Measures were required in five categories within Energy Efficiency. They were: Shell Construction, HVAC, Water Heating, Lighting, and Appliances. Whole House Ventilation was required as a HVAC-Healthier Indoor Air measure. In addition to the required core measures for Energy Efficiency, a minimum of 50 points had to be earned in each of the additional categories: Healthier Indoor Air, Environmental Responsibility, and Resource Efficiency.

PGE was looking for a methodology to demonstrate the energy savings inherent to the points within the Core Sections. Research was done on the efficiencies of each component; specifically how they reacted to certain geographic and building conditions.

The following formula was created by PGE, backed up by the State of Oregon's Department of Energy:

The heating system (BTUs or KWs) x heating degree days x square footage of house + base load additives (such as lights, plug-ins, stove) equaled the total energy consumption less that of a base code home = final energy savings. In all cases the base home had to use the same mechanical fuel.

In theory, such a formula provides the valuation community with a means of attributing a value to the energy efficiency measures of Earth Advantage Institute's homes. However, the downside of relying on a formula to attribute value to energy efficiency is that no actual usage monitoring of these homes has been done to quantify if the calculated savings indeed provided homeowners with real savings. This is true of all environmental certification programs since the emphasis is on estimated as opposed to actual energy performance savings.

### **Energy Efficiency**

- Feature: Advanced framing (also earned points under Environmental Responsibility).
- Benefit: Spacing framing studs at 24" on center (oc) as opposed to 16" oc reduces thermal bridging, increases the insulation level of the home and reduces the amount of framing material used in a home by typically 17%.
- Feature: Attic insulation R-49 & floor insulation R-30.
- Benefit: Increasing insulation levels beyond code is one of the most cost effective ways of improving the energy efficiency of a home.
- Feature: Higher efficiency windows (.35).
- Benefit: Windows are thermal holes; an average home may lose 30% of its heat or air-conditioning energy through its windows. Energy-efficient windows save money each and every month, although in the strategy for improving the overall energy efficiency of a home, increasing insulation levels, careful air sealing and properly sealing ducts should be pursued first.
- Feature: Gas high efficiency water heater (also earned points under Resource Efficiency)
- Benefit: Higher efficiency water heating systems reduce the overall energy consumption for the owner.
- Feature: Dedicated CFL fixtures (also earned points under Environmental Responsibility and Resource Efficiency).
- Benefit: The average rated life of a CFL is between 8 and 15 times that of incandescent, thereby reducing utility costs as well as carbon emissions over the life of that bulb.

- Feature: Premium efficiency dishwasher.
- Benefit: Premium efficiency dishwashers use at least 41 percent less energy than the federal minimum standard for energy consumption. In addition, these dishwashers use much less water than conventional models.

### **Healthier Indoor Air**

- Feature: Whole house ventilation.
- Benefit: Whole-house ventilation systems provide controlled, uniform ventilation throughout a house. These systems use one or more fans and duct systems to exhaust stale air and/or supply fresh air to the house.
- Feature: Low VOC latex paint.
- Benefit: Minimizes off-gassing from VOCs in paint that can be harmful to the comfort and health of installers and occupants.
- Feature: Low emitting materials; i.e., natural wood casework, sealed underlayment.
- Benefit: Reduces the quantity of indoor contaminants (in particular Volatile Organic Compounds).
- Feature: Sealed Gas Fireplace.
- Benefit: When a fireplace is sealed, the air that is used to generate the flame (combustion air) is drawn from outside. The fumes that are a byproduct of the combustion are also vented to the outside. A sealed-combustion direct-vent fireplace is by far the most efficient fireplace option. Since the entire operation is independent of the household air, with sealed combustion direct vent fireplaces there are no drafts and no heat loss. In fact, these fireplaces operate at a near 90 percent efficiency rate.



### **Environmental Responsibility**

- Feature: Most of the houses are back loaded with an alley.
- Benefit: Curb cuts and driveways in front of the houses were for the most part eliminated. Driveways were only necessary on the perimeter houses.
- Feature: Protect topsoil and trees and protect non-grading areas.
- Benefit: Reduces soil compaction, preserves natural vegetation and sets land aside for the recreational and aesthetic enjoyment of the property owner/s and as wildlife habitat.
- Feature: Post erosion control practices and protection of stockpiled dirt.

- Benefit: Reuse of topsoil prevents erosion, minimizing the need for extra soil. Site provided with composted materials.
- Feature: Low water-use plants.
- Benefit: Reduces the need for irrigation, although temporary irrigation should be provided until the plants are established.
- Feature: One acre of open space/common area set aside.
- Benefit: A large stand of mature fir trees was preserved, enhancing the visual appeal of the community and providing space for walking.

### **Resource Efficiency**

- Feature: Recycling construction (points earned almost equally under Environmental Responsibility).
- Benefit: Construction and demolition waste accounts for about 40% of the total waste stream of the United States. Landfill tipping fees were substantially reduced throughout the construction process, whilst the project minimized its impact on existing landfill sites.
- Feature: Recycled content vinyl siding and carpet.
- Benefit: Using materials with recycled content is considered a green strategy since that material is kept out of the waste stream.

### **Importance of Green Features in Attracting Owners**

HOST Development marketed and sold the subdivision in-house. The homes were not listed on the MLS. HOST has always been focused on the cost of homeownership as its main priority. Along with the upfront cost of ownership, HOST had identified that managing utility costs was of importance to low income families. HOST's primary builder had been utilizing energy efficient construction techniques long before they were recognized as the better way to build, and HOST had worked with utility companies for rebates on energy efficient features. Certifying their homes under the Earth Advantage program was a natural progression.

Unfortunately all of the personnel involved in selling the Charleston Park Place subdivision are no longer with HOST, so it was not possible to ascertain how much the green features and benefits were explained to prospective buyers nor what importance they held in attracting buyers.

However, in reviewing the Homeowner Survey, it was clear that for the majority of buyers, the primary reason for purchasing a home in this development was the upfront affordability of the homes. HOST achieved this goal through a three pronged approach:

- a) Price point
- b) Deferral of taxes on the value of the house
- c) Assistance with closing costs



Fifty nine percent of buyers considered the EA certification to be a contributory factor in their decision to purchase for the potential of additional savings on utility costs.

As far as media exposure, any publicity that the project received focused almost exclusively on the affordability of the homes and not on the fact the homes had an environmental certification. This is not surprising since in 2001 “green” certifications were in fact in their infancy.

### **Other Impacts on the Environment**

The site was a large infill lot adjacent to a well-established older neighborhood. Care was taken by HOST to present its preliminary plans to the neighborhood through a series of public meetings. Although a general consensus was reached, when HOST started the land use application process, it ran into strong opposition, ostensibly over developing a critical habitat for endangered wildlife. This proved to be entirely spurious; nevertheless HOST was embroiled in legal issues for almost five years before it could start site work. According to Conrow the site was not considered suitable for Low Impact Development. There were old water and sewer lines from when the site had been used for temporary war housing. The old infrastructure had to be removed, requiring much re-contouring and filling.

### **Social**

One of the stipulations of the purchase of the Portland Parks Bureau parcel was that HOST would build a community garden at a site adjacent to Charleston Park Place for the benefit of the entire community. Each homeowner is allotted a plot which they can use for growing vegetables and/or flowers. The Parks Bureau provides compost, mulching material and garden soil at the beginning of each growing season.

In the 1940s, the Victory Garden, aka War Garden, provided 40 percent of food production during World War II. These fruit and vegetable gardens were planted in backyards, on rooftops and in vacant lots — even at the White House — producing between 9 and 10 million tons of food. With recent economic uncertainty and the desire to reduce the carbon footprint around food production, urban garden plots are again becoming popular. In England, there has been a surge in interest in community gardening, since it has been recognized that one of the less obvious benefits to community gardens is a reduction in tensions between diverse immigrant and ethnic groups, as different members of a neighborhood develop friendships around the shared interest of growing food.







Conrow conjectured that some of the initial resistance to the Charleston Park Place development was racial NIMBYism (Not In My Back Yard) in that the surrounding neighborhood was predominantly white, with residents perceiving sales of the development as being targeted to colored and Hispanic buyers. HOST's affordable housing project was assumed to be similar to some of the subsidized housing projects that were already in the area and which were viewed less than favorably. The fact that Charleston Park Place has been well

accepted by the surrounding neighborhoods indicates HOST has developed a successful formula for providing affordable housing; a need that crosses all ethnic and racial groups.

### **Economic**

A specific project cost breakdown was not available. However permission was given to review individual closing cost statements, which showed the payout to HOST ranged from as little as \$7,000 to almost \$55,000. The majority of payouts ranged in the mid twenties. As a non-profit, HOST does not need to achieve a certain rate of return on investment, but is simply looking to cover all associated costs with sufficient remaining to handle administrative and staffing costs. However, this is a formula that obviously works, since HOST has developed approximately 370 affordable homes since 1989. Operations were slow in the beginning, but over the years HOST has steadily increased the number of homes it produces per annum. In the current weak real estate market they expect to produce 20-40 homes a year. In stronger markets, their goal is to average 50-100 homes a year; the proviso being their ability to secure appropriate lots.

It was revealed through the Homeowner Survey in 2005 that their buyer's average household income was \$39,750, with the average loan amount buyers had been pre-approved for ranging from \$105,000-\$159,000. The sales prices achieved ranged from \$115,950-\$159,800. Buyers were given the option of having a detached garage built for around \$6,000, which was essentially HOST's cost to build.

### **Local/Regional Effects**

Affordable housing has been identified by the U.S. Department of Housing and Urban Development, as a rent or mortgage that consumes no more than 30 percent of income. Conversely, if home costs exceed 30 percent of income, a family might find it difficult to afford food, clothing, transportation and other necessities.

In March, 2008, Bizjournals compared median home payments and household income levels in the nation's 50 largest metros. The study was based on statistics from the U.S. Census Bureau's 2006 American Community Survey. Portland ranked as the 37th most affordable market, with median monthly household income at \$4,373. The median monthly mortgage payment is \$1,449.

Hand in hand with local government policies which encourage affordable housing within metropolitan areas, such as the Tax Abatement development zones, organizations such as HOST Development fill a critical role in providing decent, affordable housing options within the Portland Metro. The fact that they certify their homes under the EA certification program highlights one of the other major issues around homeownership – the cost of utilities.

### **Findings/Post Occupancy Evaluations**

HOST Development conducted a Homeowner Survey in 2005. The total number of respondents was 32. Portions of the survey that were felt to be relevant to this case study have been included below.

1. Why did you choose the home you purchased (circle all that apply)?

- |   |                        |
|---|------------------------|
| Price— <b>88%</b>                           | Floor Plan— <b>41%</b> |
| Features/upgrades— <b>38%</b>               | Appearance— <b>59%</b> |
| Number of bedrooms/bathrooms— <b>59%</b>    | Location— <b>44%</b>   |
| Other— <b>16%</b>                           |                        |
| • New construction-- <b>6%</b>              |                        |
| • First time homebuyer incentive— <b>3%</b> |                        |

4. How much did HOST's closing cost assistance (for qualified buyers) influence your choice to buy a HOST home?

- |                       |                       |
|-----------------------|-----------------------|
| Very much— <b>75%</b> | Not at all— <b>9%</b> |
| A little— <b>16%</b>  |                       |

5. How much did the ten-year tax abatement influence your choice to buy a home at Charleston Place?

- |                        |                       |
|------------------------|-----------------------|
| Very much-- <b>91%</b> | Not at all— <b>3%</b> |
| A little— <b>6%</b>    |                       |

8. Did the PGE Earth Advantage™ construction factor into your decision to buy a home at Charleston Place?

Yes—**59%**

- Always paid too much in heating bills, hoping to avoid that in our new home
- HOST should continually improve its commitment to energy efficient homes—advertise Earth Advantage and inform homeowners of the benefits
- We knew we would save money over time on energy bills
- There were way more incandescent bulbs than we were led to believe
- Without a lot of buying power, this is something that is an added bonus

No—**22%**

- But it's a nice feature
- But I am very happy it is a PGE Earth Advantage home!
- It was not a driving factor but I am extremely pleased it was a feature

## Valuation Aspects

The market-based investigation of Earth Advantage certification values at Charleston Park Place prepared by Taylor Watkins of Watkins & Associates, Portland, OR was précised for the real estate agent market.



## Background

The appraiser was retained to analyze a residential single-family development in North Portland, Oregon. The purpose of the analysis is to determine the contributory value, if any, of the Earth Advantage certification of the homes in order to answer the question: is there any market value for the green certification of the homes in the development?

Charleston Park Place was developed by HOST Development over a period of approximately four years, from 2001 to 2004, and the homes varied in layout with 6 different floor plans. Exterior detailing further differentiates homes within these primary floor plans.

## Methodology

With this development history in mind, in order to incorporate the breadth of the values in the development, the appraiser selected 2 representative sales of homes from the development from each of the years 2002, 2003, and 2004. Each property has a different floor plan, time of sale, and GLA, with overall living area sizes ranging from 1173 square feet to 1596 square feet.

After the 6 subject properties were selected, comparable sales were selected from the local MLS service with the following criteria:

- have a closing date no more than 6 months prior to the closing of the subject property
- be located within the same neighborhood
- be constructed of similar style
- be constructed to a similar degree of quality (e.g. design and materials)
- be in a tax abatement zone like the subject properties
- be newly constructed or within 2 years of the subject's age

- be approximately the same size (within a range from 15% smaller to 15% larger, measured in square feet)
- be of approximately the same value (with a final sales price from 10% below to 10% above the sales price of the subject home)
- have no distinguishing "green" features (not certified by any organization)

The lack of green features in the comparables was meant to help isolate the differences between the subject's green features and the comparable properties that lack these features.

After compiling lists of probable comparables, all of which meet the criteria above (only one comparable used was not newly built), the lists were further culled for similarities to their subject properties, and the MLS data for property characteristics was checked against county records for consistency. Then the comparables were viewed from the exterior. The three comparables selected for each subject property were then analyzed in abbreviated sales comparison format, with value adjustments made to the comparables' sold prices for items of value that were either superior or inferior to the subject property. All adjustments made were in keeping with local residential appraisal norms.

## **Results**

In each of the six cases, differences were apparent between the subject properties and their corresponding comparables in the adjusted sales prices of the comparables and their corresponding subject properties. This difference, which is believed to be the contributory value of the green features in the subject property (the item not adjusted for), ranges in the six properties from \$1,633 to \$13,500, with an average of \$7,262.

The subject properties range in size from 1173 square feet of GLA to 1592 square feet of GLA. So the value differences in terms of value per square foot range from a low of \$1.39 to a high of \$10.37, with an average of \$5.17 per square foot.

All properties showed positive differences between the subject and its comparable sales in overall estimated value and in estimated value per square foot (psf). When viewed over time, the properties sold in 2002 averaged \$5.32 in value psf. The properties that sold in 2003 averaged \$7.79 in value psf, and the properties sold in 2004 averaged \$2.4 in value psf. There appears, then, to be a slight trend downward in contributory value psf over time. This could be due to the fact that the properties that sold in 2004 had the most and least GLA of the properties analyzed, market conditions at the time of sale, or other indeterminate factors.

Another time consideration is the time on the market of the subject properties versus their comparables. Since the subject properties were sold in-house by the developer, marketing time is not available for all of the properties. For the comparable sales, none was on the market longer than 120 days, indicating the strong single-family market in the area during the time period studied and corresponding lack of seller or other "creative" financing. It should also be noted that the values being discussed are in terms of 2002-2004 dollars, which would need to be adjusted for inflation to be applied to the present.

Due to the sales procedures used for the subject properties, it was not possible to establish the actual marketing time for the subject properties, and thus time on market conclusions could not be drawn between the certified and non-certified homes in the sample.

## Discussion

### **Can Charleston Park Place be considered a viable example of green affordable housing for the for profit development community?**

- a) One of the case study reviewers raised a concern that Charleston Park Place had been sold in a manner that was out of line with market conditions. This is a legitimate concern since it is standard for most non-profit developers to have homeownership counseling programs which provide both a service to the community in terms of education as well as providing buyers to the affordable developer for current and future projects. This process invests the homeowner in the non-profit's mission as well as keeping up steady demand for the products which the organization produces.

Was this the case for HOST? While the homes were sold by HOST, which represented itself, HOST does not offer any homebuyer's programs (despite what their website may say), but recommends that purchasers take a home buying class from one of several local non-profits. HOST advertised for Charleston Place in the newspaper, at local businesses, on the web, at local sales and job fairs, and at local employers (Wacker Siltronic and Legacy Healthcare in particular). Their aim was to market to locals in the North Portland area, and they state that they established sales prices based on their perceptions of the market in the area. As they were not marketed on MLS, their reach was somewhat limited by this. However, they had no captive audience from which they pulled buyers, and the homes in Charleston Place competed alongside a large amount of other new construction in the area at the time. As there was no captive audience, and especially with the competition in the market at the time, it seems very unlikely that a purchaser at Charleston Place would have paid a higher amount than was worthy of the project at their time of completion.

- b) Can the premiums be considered false because actual costs to the borrowers were mitigated by tax exemptions, closing cost assistance etc?

According to HOST, none of the subject properties analyzed in the case study had buyers that were provided with closing costs assistance or any other seller concession of buyer credit. This was one of the criteria for their inclusion in the study.

- c) Did the property tax abatements have an influence on the premiums found?

While the possibility of a tax abatement may be a draw for a certain buyer to a market area, it is not the property itself that qualifies for the abatement, it is the property *and* the buyer. Within this zone, all titleholders to the property must have a combined income of \$70,000 or less, and the sales price of the property must be less than \$275,000. The latter criterion is met by all of the properties, but the former is not.

Also, because the buyer is the critical issue in whether or not a property qualifies, the tax abatement is not directly tied to market value or sales price. The property's value is related to its characteristics, not the buyer's ability to qualify for a tax abatement. If the abatements were valuable and tied to market value, one would expect to see a pattern of lower adjusted lower values for the comparable properties without this characteristic, but that is not the case.

## Interviews with Agents

In ascertaining whether EA certification might be contributing positively to agents' experiences with resales within Charleston Park Place, two properties that were on the market were selected from a drive through of the subdivision.

The first property selected was at 8320 N. Hendricks St, a 1370 sq. ft. two storey modern Craftsman, which was being offered for sale by Windermere for \$229,900. Kevin Dean was the listing agent and we spoke with him on the phone in April. Since making the selection, the property had sold in April for \$232,000. When Dean was queried as to why the sales flyer had made no mention of the EA certification, or of the energy efficiency features, Dean categorically responded that he didn't believe the EA certification was an advantage in sales. He felt the real estate market currently was all about price. Dean declined to comment when asked if he was aware that the RMLS contained boxes that would allow an agent to list the home's Earth Advantage certification, as well as other environmental features.

The second property selected was also on N. Hendricks Street number 8358. The property was a 944 sq. ft. compact rambler, and was being offered for sale by Farrell Realty for \$167,500. Whitney Petersen was the listing agent. As of early May, the property had exceeded the average time on the market of 114 days and had already had its price reduced from \$172,500. Again the sales flyer made no mention of the EA certification, or of the energy efficient features. Petersen explained that he only became aware of the property's certification a couple of months after he had listed it, when the homeowner showed him the certificate.

Petersen has an Ecobroker certification and sees there is a definite advantage when marketing a home that is EA certified. He knows "these homes can produce significant savings" and sees their value. He feels "this is particularly true for a certain demographic that will pay for such a certification, because the value is understood." However, he stated that "there is a fair amount of confusion amongst agents regarding the RMLS and what the different environmental levels mean." In some instances, he was aware that "a number of builders were making up their own green marketing." Finally, he felt that even if a buyer was willing to pay a premium for a certified home, he doubted lenders would see it that way. He felt the issue lay "in appraisers understanding real value in certifications."

Petersen ended the phone call by saying that he would start marketing the home as Earth Advantage certified. He felt the home might be a little overpriced in the current market for a neighborhood that is perceived as being lower income.