



THE APPRAISAL FOUNDATION

*Authorized by Congress as the Source of Appraisal
Standards and Appraiser Qualifications*

PRESS RELEASE

The Appraisal Foundation and the US Department of Energy to Collaborate on Issues Relating to Green Building Valuation

FOR IMMEDIATE RELEASE

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Washington, DC — The Appraisal Foundation, the Congressionally authorized source of appraisal standards and appraiser qualifications in the United States, is pleased to announce that it has signed a Memorandum of Understanding (MOU) with the U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, to collaborate on a series of activities focusing on energy efficiencies and the valuation of green buildings.

The Appraisal Foundation, a non-profit organization established in 1987, is dedicated to the advancement of professional valuation and serves as the parent organization for three independent Boards: the Appraisal Practices Board (APB), the Appraiser Qualifications Board (AQB), and the Appraisal Standards Board (ASB).

A principal component of the MOU is that the generally accepted standards of the appraisal profession, the *Uniform Standards of Professional Appraisal Practice* (USPAP), are applicable to green valuations.

Collaborative activities between The Appraisal Foundation and the Department of Energy will include:

Engaging the appraisal community on energy efficiency and green valuations.

Development of additional guidance from all three of the Foundation's independent Boards relating to applicability of the existing standards to the valuation of green buildings. This guidance could take on a number of forms such as USPAP Frequently Asked Questions or Advisory Opinions from the ASB, and voluntary guidance from the APB on recognized valuation methods and techniques.

Development of one or more databases, through the Department of Energy, to provide data on energy

performance for specific building types and upgrades, to the valuation arena. Data of this type has historically been sparse and/or difficult to collect, whereas this new initiative is intended to be of great assistance to the valuation community.

Development of educational course curriculum, through the Department of Energy and based on the guidance of the Foundation's APB, relating to energy performance and sustainability in commercial buildings.

The importance of energy efficiency is gaining traction throughout the marketplace. On June 13, the issue was raised with President Barack Obama as part of the *Council on Jobs and Competitiveness* meeting and is a component of his *Better Buildings Initiative*.

Examples of the importance of education on energy efficiency and green valuations in the appraisal community include:

- Energy efficient items result in lower operating costs for commercial properties, thereby increasing the net income potential for the property. Since income potential is the primary factor considered by investors when buying commercial properties, this translates into a higher value potential for the property.
- Some municipalities and local jurisdictions are starting to require a certain level of energy efficiency for their commercial properties. Because many existing buildings do not meet the new standards, investors are likely to place a premium on those properties that do comply, thereby resulting in higher values for properties of these types.
- The increasing costs related to energy consumption make less efficient properties less desirable to many potential buyers, including owner occupants. Because the appraiser's job is to "mirror the marketplace," any premiums placed on properties due to their energy efficiency should be recognized by appraisers when providing opinions of value.

In the fall of 2011, The Appraisal Foundation will post an informational video introduction to green buildings and their valuation on the *eLibrary* section of its website.

For more information on the Foundation's collaboration with the Department of Energy or upcoming work in the area of green valuations, please visit The Appraisal Foundation's web site at <http://www.appraisalfoundation.org/>.

About The Appraisal Foundation

The Appraisal Foundation is a Congressionally authorized non-profit organization established in 1987 and is dedicated to the advancement of professional valuation. The Appraisal Foundation accomplishes its mission through the work of its three independent Boards: the Appraisal Practices Board (APB), the Appraiser Qualifications Board (AQB), and the Appraisal Standards Board (ASB).

The Appraisal Foundation is the author of the generally recognized standards of professional practice for the valuation profession, the *Uniform Standards of Professional Appraisal Practice* (USPAP). In addition, the Foundation establishes the minimum education, experience and examination requirements for state licensed and state certified real property appraisers. The Appraisal Foundation also issues voluntary guidance on recognized valuation methods and techniques.

More information on The Appraisal Foundation is available at <http://www.appraisalfoundation.org/>.