



Home Energy Efficiency for Real Estate Professionals



This Presentation Covers:

- ▶ The importance of energy efficiency to homebuyers
- ▶ Work being done to help you meet clients' desires for home energy information
- ▶ How to keep up-to-date with home energy certifications, labels, and ratings for your clients
- ▶ Links to resources for learning more



Why Care About Residential Energy Efficiency?

Improving residential energy efficiency helps to:

- ▶ Improve in-home comfort for home owners, buyers, renters
- ▶ Save families money on energy bills
- ▶ Reduce wasted energy resources
- ▶ Foster growth of energy efficiency jobs in local economy
- ▶ Stabilize monthly home costs as energy prices change
- ▶ Mitigate health impacts of homes, including mold, allergens, and pests

Why Do Homeowners & Buyers Care About Energy Efficiency?

Helps Reduce Costs:

- ▶ [U.S. Census](#): On average, energy costs are higher than either property tax or insurance for U.S. homes at \$2,506 per year



Smart Investment:

- ▶ [Remodeling Report](#): Attic insulation achieves highest return on investment of all home improvement projects studied at 116.9%
 - ▶ Attic Insulation averaged the cheapest upgrade at \$1,268



Improves Quality of Life:

- ▶ [NARI Report](#): Energy improvements are good investments that bring financial relief and “joy”
 - ▶ Insulation Upgrade: 61% say greater desire to be home, 95% same or increased sense of enjoyment, and 66% major sense of accomplishment
- ▶ [DOE's Home Rx Report](#): Energy efficient homes can improve occupant health outcomes related to asthma, hypertension, and allergies.





Buyers need access to energy efficiency information that is credible and easy to understand.

Sellers need tools that can accurately appraise the value of improved energy performance.

**As a real estate professional,
you can be the bridge between
your clients and the energy
information they want.**

Studies Nationwide Show Energy Efficient Homes Sell for More, Faster

Certified homes sell for 9.6% more⁶

Certified homes sell for 4.2% more & 18 days faster⁶

Certified homes sell for 2.1 to 5.3% more⁹

PACE homes delivered \$199 to \$8,882 in savings above cost of improvements⁷

Homes that disclose energy costs sold 20 days faster⁵

Homes that use “green” fields consistently perform better on market indicators⁸

ENERGY STAR homes sold at \$5,566 premium at \$2.99 per ft² more, & 89 days faster¹⁰

New certified homes sold for 12.9% more, \$13.82 per ft² more, & 42 days faster¹

Homes designated relatively energy efficient sold for an average \$3,416 premium⁴

Certified homes sold for a higher percentage of their asking price & 31 days faster²

Houses with one or more green element sell for 5.9% more²

Sources: ¹Argeris, 2010; ²Cadena & Thomson, 2015; ³Carson Matthews, 2009; ⁴Corgel, Goebel, & Wade, 1982; ⁵Elevate Energy, 2015; ⁶Griffin, 2009; ⁷Goodman & Zhu, 2016; ⁸Institute for Market Transformation, 2015; ⁹Kahn & Kok, 2013; ¹⁰Pfleger et al., 2011.

The Research Says: Homebuyers Value Energy Efficiency

Studies Show a Sales Premium of:



2% to 6% for designated energy efficient homes ^{1, 2, 3, 7, 12}



\$2.99 to \$13.82 per square foot for every dollar saved on annual electricity bills from efficiency investments ^{1, 5, 10, 15}



\$3,416 to \$8,882 for designated energy efficient homes ^{4, 8, 9, 12, 13, 14, 15}



Designated energy efficient

VS.



Comparable home

Sources: ¹Argeris, 2010; ²Brown & Watkins, 2016; ³Cadena & Thomson, 2015; ⁴Carson Matthews, 2009; ⁵Dinan & Miranowski, 1989; ⁶Elevate Energy, 2015; ⁷Griffin, 2009; ⁸Goodman & Zhu, 2016; ⁹Halvorsen & Pollakowski 1981; ¹⁰Horowitz & Haeri, 1990; ¹¹Institute for Market Transformation, 2015; ¹²Kahn & Kok, 2013; ¹³Laquatra, 1986; ¹⁴Longstreth, 1986; ¹⁵Pfleger et al., 2011.

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Providing Energy Information Can Help Reduce Uncertainty

Elevate Energy, 2015: Chicago Homes that Disclose Energy Costs Spend Less Time on Real Estate Market

- ▶ Homes that provide energy costs: median 43 days on market; 66% closing rate
- ▶ Homes that did not provide energy costs: median 63 days on market; 53% closing rate

Hill et al., 2016: In EU, Canada, Australia, homebuyers appreciate having more information rather than less; poor ratings don't discourage home purchases, but do inform energy upgrades

- ▶ This helps them make the most informed decision possible, even if they will need to fix an energy feature of the home
- ▶ Analysis of European disclosure programs shows homebuyers do not use ratings to discourage home purchase, rather simply to inform sale (p. 11)
- ▶ 2013 EU Study: 2% - 6% appreciation in home value attributed to one-letter rating improvement

Voluntary disclosure may be a good option for your clients selling their homes

Source: Hill et al., 2016. Predicting Home Energy Rating and Disclosure Program Impacts for North American Jurisdictions. ACEEE Summer Study Paper.

If it Doesn't Impact Home Purchases, Why Do We Like Energy Information?

Knowledge is power!

- ▶ Energy information with recommendations influences new home owners into making energy renovations

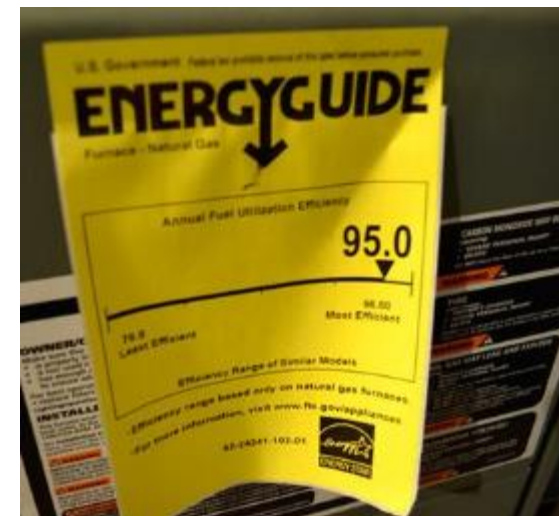
Assessments of Home Energy Ratings on Conversion Rates

Jurisdiction	Portion of Buyers Influenced by Rating / Disclosure Report Recommendations When Making Renovations
Austin, TX	12% in first year of program (ACEEE, 2011)
Australia (ACT)	15% (Energy Consult, 2006)
France	37% (ADEME, 2012)
Portugal	17.5% (ADENE, 2015)
The Netherlands	22% (Murphy, 2014)

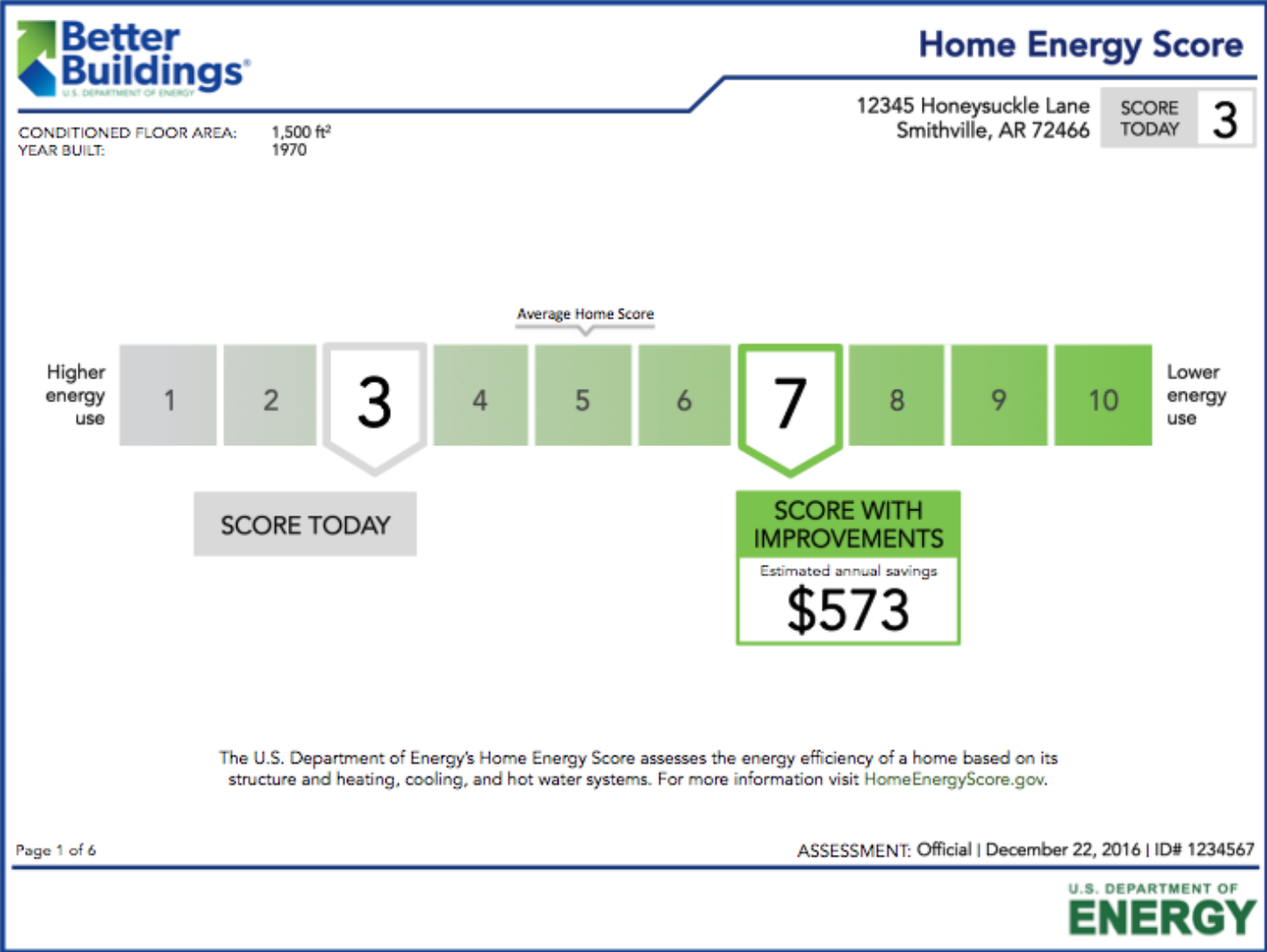
Source: Hill et al., 2016. Predicting Home Energy Rating and Disclosure Program Impacts for North American Jurisdictions. ACEEE Summer Study Paper.

How to Provide Energy Information: DOE's Home Energy Score

- ▶ A “miles-per-gallon” rating for homes
- ▶ Affordable, reliable, & easy way to understand a home's energy performance
- ▶ Third-party verified
- ▶ Any single-family or town-home can get a Home Energy Score
- ▶ Helpful for any of your clients
 - ▶ Shows seller cost-effective investments to improve their home's score before they sell
 - ▶ Lets seller showcase energy improvements they have made to their home at time of sale
 - ▶ Tells potential homebuyer information about a home's energy features



Home Energy Score: A Tool for All Homes



Home Energy Score: What It Means

The Score is more useful than looking at prior utility bills

- ▶ Assumes average weather for that location
- ▶ Controls for impacts due to occupant behavior by assuming “average” behavior for all homes

Score with Improvements:

- ▶ Reflects how the home will score if cost-effective efficiency improvements are made

Score of 1: High energy costs

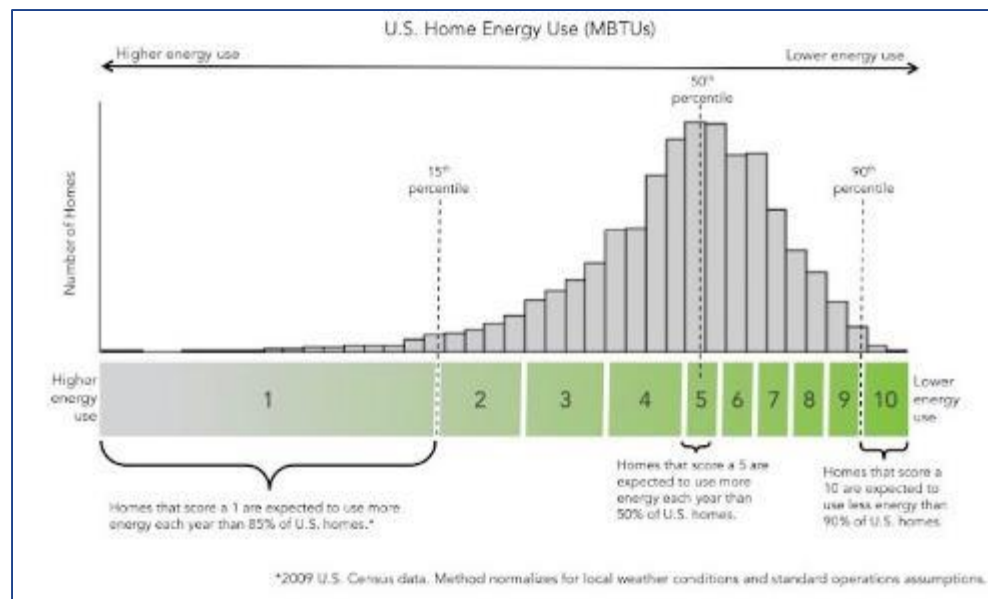
- ▶ These homes are expected to use more energy each year than 85% of U.S. homes

Score of 5: Average energy costs

- ▶ Approximately 50 percent of homes in the U.S. use less energy

Score of 10: Low energy costs

- ▶ Homes expected to use less energy than 90% of U.S. homes; easier to keep living space comfortable



Other “Green Home” Designations to Know About



Home Innovation
NGBS GREEN VERIFIER™



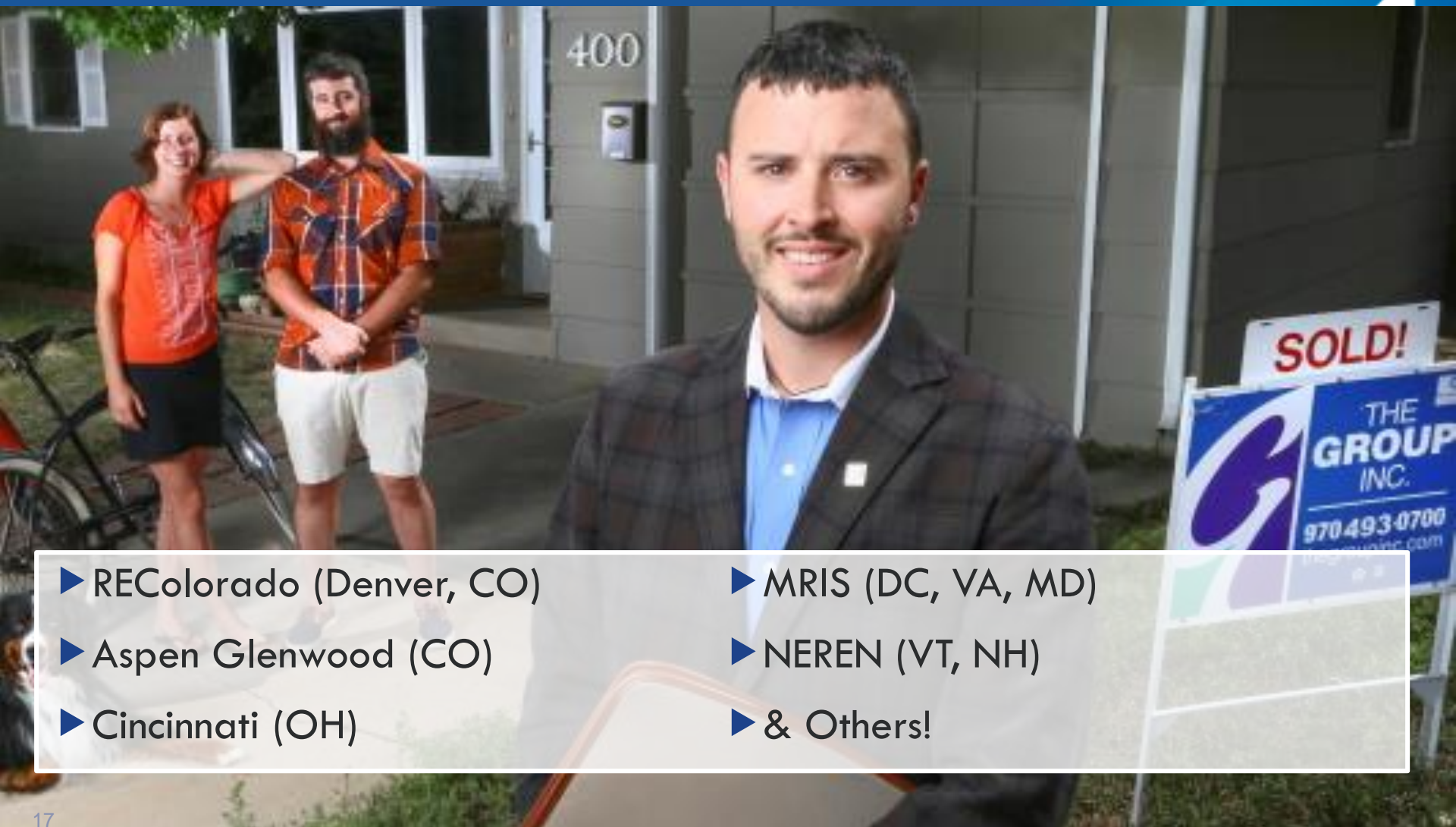
Example: Home Performance with ENERGY STAR Certificate of Completion

- ▶ Proof home underwent energy efficiency upgrades to improve performance
 - ▶ A systematic approach to improving energy efficiency and comfort in homes
 - ▶ Reduces greenhouse gas emissions that contribute to climate change
- ▶ Improvements must be completed by participating contractors
- ▶ Third party verified by an organization separate from the contractor

Home Performance with ENERGY STAR® Certificate of Energy Improvements	
Home Address: <div></div>	Home Performance Improvement: <div></div>
Work Performed By: <div></div>	Additional Information: <div></div>
Work Verified By: <div></div>	
Work Completed On: <div></div>	
Signature: <div></div>	



Green Fields with Home Energy Score Added to MLSs



- ▶ REColorado (Denver, CO)
- ▶ Aspen Glenwood (CO)
- ▶ Cincinnati (OH)

- ▶ MRIS (DC, VA, MD)
- ▶ NEREN (VT, NH)
- ▶ & Others!

Real Estate Professional Education

Agents need resources to learn how to enter data fields correctly

- ▶ “0” HERS Rating = Perfect Score / Zero Energy Home!
- ▶ “0” Home Energy Score = Nonsensical / Terrible Score!
- ▶ ENERGY STAR Appliances \neq Home ENERGY STAR Certification

Use resources provided on DOE’s Home Energy Information Accelerator website



\neq



No Green Fields in the MLS?

Add Home Energy Score or other green label in the comments or “remarks” section

- ▶ Simply upload the verifying document from the homeowner as an attachment
- ▶ No need to wait for green fields to be available

Advocate for green field adoption on your MLS

- ▶ Ask the MLS to achieve RESO’s Silver Certification to standardize the data entry

		Detached Single LDR: 05/10/2004 LD: 05/10/2004 OMD: CONT DT: 05/15/2004 CLSD DT: ADDRESS: 20W456 WESTMINSTER DRIVE CITY: DOWNERS GROVE DIR: WOODWARD SOUTH OF 87TH STR TO W BLT: 1987 OWN: Fee Simple CRP: UNINCORPORAT MODEL: GRANT RMS: 6 BR: 3 BTH: 2 MBB: N CARS: 2 WF: N Tax: \$2,687 SAS: N PIN: 1006305019		MLS #: 0411102 CTGF: A/I MRKT TIME: 109 LISTING MRKT TI SELLING OFC: SELLING AGT: B78: N DIM: 72 X 125		
ASM: GRS: BROMB DIST#: 113 COORDINATES: NORTH: 0 SOUTH: 10		FREQ: Not Applicable JH: OLD QU DIST#: 113 SOUTH: 10		WI: HS: LEMONT DIST#: EAST: 0		
ROOM NAME	SIZE	LEVEL	FLOORING	WIN TRMT	ROOM NAME	SIZE
Living Room:	16X13	Main Level	Hardwood	N	4th Bedroom:	
Dining Room:					UTL:	13X9
Kitchen:	18X11	Main Level	Vinyl	Y		
Family Room:	20X14	Lower	Hardwood	Y		
Master Bedroom:	16X12	2nd Level	Carpet	Y		
2nd Bedroom:	13X10	2nd Level	Carpet	Y		
3rd Bedroom:	11X9	2nd Level	Carpet	Y		
NC: N AGE: 11-25 Years AIR: Central Air AMN: Park/Playground APP: Oven/Range, Microwave, Dishwasher, Washer, Dryer, Disposal ATC: Unfurnished BAS: Crawl, None BAT: Shared Master Bath IN: DRV: Concrete EBE: Circuit Breakers EQP: Humidifier, Ceiling Fan, Sump Pump, Sprinkler-Lawn EX: Brick (BR) FEA: Patio, Storage Shed FND: Concrete FPL: Location-Family Room, Gas Logs GAR: 2.5 Car Garage, Garage Door Opener(s) (Auto) INK: None, Not Applicable				OD: KIT: Eating Area-Ta HEA: Gas, Forced Air IMPW: Lake Michigan IMPS: Sewer-Public IMPO: Curbs/Gutters, INF: LDS: Landscaped Pri Lot Size: Less Than .2 MAI: None NCO: OTR: POS: Immediate ROF: Asphalt/Glass STY: Bi-Level, Tri-Le TPE: Split Level TRM:		
Remarks: IMMACULATE BRICK HOME, BEAUTIFULLY UP-DATED. EAT-IN-KITCHEN, FIREPLACE, LANDSCAPED, SPRINKLER SYSTEM, LRG. PATIO AND HOT TUB, GREAT NEIGHBORHOOD 1 BLO 55 AND I-355 2003 TAXES ONLY \$2700. PLS. SEE SHOWING INSTRUCTIONS FOR CO-ORDIN						
INTERNET LISTING: All ACH: Y HEM: N CC: 2.5% - \$200 SHO: CALL 630-854-0883 OWNER PREFERS TO SHOW & NEG. OWNER: AMY MUSCARNERO BROKER: AMERICAN CAPITAL REALTY INC. AGENT: PARRY SINGH CO-LIST:				REMARKS INTERNET: Y FD: Y LIST: Exclusive Agency SCI: Limited Service/Entry Only EMAIL AON: N ID#: 15801 ID#: 139347 AAN:		

Financing Options for Energy Efficiency Improvements



Finance up to 15% of “as completed” home value for energy improvements

- ▶ \$500 incentive to lender on each loan
- ▶ Pay off existing energy improvement debt (including PACE)

Requires a Home Energy Score, HERS report, or comparable locally-supported report

- ▶ Finance up to \$3,500 in weatherization or water-efficient improvements with no energy report

Additional Loan Opportunities

FHA's “stretch” policy

- ▶ Allows borrowers to qualify for a 2% stretch on debt-to-income ratios for homes that score a 6 or higher, or for improving less efficient homes to that threshold
- ▶ Aligned with Fannie Mae's HomeStyle Energy policy

Property Assessed Clean Energy (PACE)

- ▶ \$2.2 billion financed in California for energy efficiency, renewable energy, and water efficiency
- ▶ Other states looking to adopt
- ▶ Home Energy Score can be used to identify cost-effective measures, provide an objective estimate of savings, and document value after improvements are completed

State & Local Loan and Financing Options

- ▶ Visit www.dsire.org to learn about financing and rebate options available in your area

What Can You Do?

Ask sellers if their home has any third-party certifications, and include them on the MLS

- ▶ Clients with efficient homes can better market its value
- ▶ Homes certified as “green” sell for more, and faster!

Encourage buyers to value energy efficiency in their home purchasing decisions

- ▶ An energy efficient home is likely to have lower and more stable energy bills, and more comfortable living spaces
- ▶ Ensure every client gets a beautiful, comfortable, and functional home

Encourage all clients to get a Home Energy Score

- ▶ Improving energy efficiency of homes may qualify for financing & incentives
- ▶ If desired, list the Home Energy Score on the MLS. Fix it before you list it!
- ▶ Team up with home inspectors that offer the Home Energy Score

Encourage your local MLS to include “green fields”

- ▶ This will help standardize listing inputs and engage more real estate professionals
- ▶ Advocate for the MLS to achieve RESO’s Silver Certification, which includes green fields

Learn more! Earn Continuing Education Units (CEUs)

This presentation is just the start! Courses are available online and in person, some of which offer Continuing Ed. Units.

Build It Green:

- ▶ [Certified Green Building Professional Courses](#)

Earth Advantage:

- ▶ [Demystifying the Green Home](#)
- ▶ [Making Savvy Home Energy Upgrades](#)
- ▶ [Accredited Green Appraiser](#)

InterNACHI:

- ▶ [Home Energy Score for Real Estate Professionals](#)

National Association of REALTORS®

- ▶ [NAR Green Day 1&2 Bundle](#)

Thank You!



HomeEnergyScore@ee.doe.gov

Assessor@sra.com

www.HomeEnergyScore.gov

Resources Informing This Presentation

- ▶ Brown, Martin J., & Watkins, Taylor. (2016). [The “green premium” for environmentally certified homes: a meta-analysis and exploration.](#)
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- ▶ [National Association of REALTORS® 2015 Remodeling Impact Report](#)
- ▶ Pfleger, W., Perry C., Hurst, N., Tiller, J. (2011). [Market Impacts of ENERGY STAR® Qualification for New Homes.](#)
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- ▶ [Unlocking the Value of an Energy Efficient Home: A Blueprint to Make Energy Efficiency Improvements Visible in the Real Estate Market](#)
- ▶ White House. (2016). [FACT SHEET: Obama Administration Announces Clean Energy Savings for All Americans Initiative.](#)
- ▶ Wilson, et al. (2016). [Home Rx: The Health Benefits of Home Performance: A review of the current evidence.](#)