

Greening Residential Real Estate:
Practical Considerations for
Consumers, Governments & Real Estate
Professionals
Presentation for the Metropolitan Washington
Council of Governments

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Market Trends & Transformation: Green Features in Single Family Homes Continue to be on the Rise

- ◎ The National Association of REALTORS® has consistently predicated over the past 10 years that sustainable and energy efficient properties are and will continue to be the future of the real estate market.
- ◎ By the end of 2016 it is estimated -
 - Green, single-family housing market will represent about **one-third** of the market
 - 90% residential construction will have energy-efficient features
- ◎ A 2015 US Green Building Council Green Building Economic Impact Study found -
 - Residential green construction market is expected to grow
 - \$55 million in 2015 to \$100.4 million in 2018, representing a year-over-year growth of 24.5 percent
 - <http://www.usgbc.org/articles/benefits-green-homebuilding>

Understanding the Value of Green in Real Estate for Homebuyers , Sellers & Owners & How To Bridge the Education Gap

PROS

- Green building momentum means more consumer demand.
 - Two-thirds of consumers are at least paying attention to green homes and buildings.
- Consumer surveys indicate Green features are overall viewed by society as a sign of health, comfort and long term sustainability
- Popular feature such as high-efficiency heating and cooling features are generally viewed as "very important" when buying a new home.

CONS

- Consumers face many gray areas with regards to long-term monetary value Green features.
- To the majority of consumers , Green features are still viewed as extremely costly, and the necessity is not always communicated effectively by the market.
- Data about Green features remains very technical, making it difficult for the average consumer to understand.
- Still is a great deal of difficulty appraising Green features.

Incentive Based Approaches WORK in Emerging Markets—The Critical Importance of Knowing What's Available

Federal Tax Credits for Energy Efficiency

http://www.energystar.gov/index.cfm?c=products.pr_tax_credits

Funding Opportunities—National, State and, Local Programs

<http://www.epa.gov/oppt/greenbuilding/tools/funding.htm>

US Department of Energy - Energy Efficiency and Renewable Energy by state

<http://apps1.eere.energy.gov/states>

Database for State Incentives for Renewables & Efficiency

<http://www.dsireusa.org/>

District Department of the Environment

<http://ddoe.dc.gov/ddoe>

Maryland Department of the Environment

www.mde.state.md.us

Green Building Tax Credit

<http://business.marylandtaxes.com/taxinfo/taxcredit/greenbldg>

Greening the MLS

- ◎ A Multiple Listing Service with relevant Green data fields can -
 - Help buyers quickly find green homes & improve market anticipation of Green features
 - Make it easier to give credit for green features added by homeowners
 - Make promoting energy efficient features easier for real estate professionals
 - Give appraisers a gain a wealth of data & support apples-to-apples comparison in appraisals
 - Green data can be aggregated to show market trends, such as time on the market, and sale to list price ratios for green homes versus conventionally built ones
 - Builders can identify and deliver green features that are in demand
 - Green agents can use their green expertise for branding and marketing

Greening the MRIS -- Locally

- ◎ MRIS saw that without green options in the MLS, sellers were not able to -
 - List standout features.
 - Show market value for green homes
 - Show the overall benefits for consumers
- ◎ MRIS began market, government and industry collaboration and responded with revamped Keystone Green Profile Sheets highlighting Green fields in a simple, easier to use and understand format.

- Collaborative effort with the local and legal task forces from REALTOR® associations
- Industry cooperation helped shed light on industry expertise and market insight
- Ideas included providing basic definitions, value statements, and, over time, home sales data that would reflect whether eco-friendly homes sell faster or for more money than conventional
- Example, energy audits, HERS ratings, were made available in a document pick list and as an attached document, rather than publishing the actual score or report in the listing itself
- Example, Green features were not categorized under a “green” heading, but were added green features into existing utilities, appliances and heating and cooling pick lists

Where are we now?

- ⦿ Agent education became and continues to be a priority.
- ⦿ MRIS and our REALTOR® associations continue working collaboratively to promote awareness, reduce risk and proceed deliberately.
- ⦿ Partnerships with local REALTOR® associations, eco-agents and brokers, builders and green industry leaders to produce a system that helps customers accomplish their day-to-day tasks as the green movement matures

What can governments do?

The Ultimate goal is providing quality and healthy home options for residents.

- **Leverage existing programs** and to ensure that residents are aware of these programs
- **Coordination** amongst the agencies and single family homeowners
- **Positively incentivizing** homeowners to make improvements to their homes, as opposed to merely avoiding requirements or negative consequences is favorable.
- **Support MRIS's initiatives** to integrate sustainable features into the home and valuation sales process, as well as supporting integrating it into the appraisal process.

Market Transformation Take Time, Patience and Education—Think Practically

- ◎ **Education and outreach** should be the greatest priority to help residents make their homes greener.
- ◎ If local and state governments want to move towards a 'greener' and 'more sustainable' residential housing stock, additional measures should be incremental so all property owners are able to be up-to-date in a reasonable manner.
- ◎ Implementation' & timelines of goals to make residential housing stock should have reasonable benchmarks.

Overall, the tools we currently have at our disposal, both publicly and privately (e.g., education, outreach and incentives) are very workable solutions to making the our housing stock greener.

Questions?

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