

WHY ENERGY EFFICIENCY SHOULD BE IMPORTANT TO REAL ESTATE PROFESSIONALS

Homeowners want efficiency, but don't know how to get it.

- [According to The Demand Institute](#), energy efficiency is the most significant unmet demand in the housing market.
- Although over seventy percent of households report that energy efficiency is important, only thirty-five percent are satisfied with their current home's performance.
- **Knowledgeable real estate professionals can set themselves apart.**
 - Real estate professionals who understand home energy efficiency can differentiate themselves in the marketplace by making their clients aware of energy efficiency information and by helping clients interpret and act on that information.
 - There are two primary residential energy ratings: Home Energy Rating System (HERS) (primarily used for new homes) and Home Energy Score (primarily used for existing homes).
- **Building a trusting relationship with your clients is good for business.**
 - Encourage clients to get reliable information like the Home Energy Score and they'll appreciate and remember you for helping them make an informed decision.
- **Real estate professionals who stay up-to-date on energy issues are in demand.**
 - Recent buyers cited heating and cooling costs as the most important environmental features of a home.
 - 71% of REALTORS[®] said that promoting energy efficient features in listings is very or somewhat valuable ([REALTORS Sustainability 2017 Report](#)).
 - 61% of REALTOR respondents said they are comfortable answering client questions about home performance.
 - 64% of Americans believe in climate change, 52% feel anxious about it; and, 90% think the average person should be taking concrete steps to reduce his/her environmental impact ([Eco Pulse 2016](#)). Living in an efficient home is among the top three ways that people can reduce their carbon footprint.

WHEN WORKING WITH A BUYER

- **Help buyers get access to credible and easy-to-understand energy information.**
 - Encourage your clients to get a Home Energy Score as part of the home inspection. It's reliable, affordable, (about \$100 in most markets) and fast (Scores can be created in less than hour).
 - The Home Energy Score provides simple, credible, and actionable information that clients can use to understand a home's energy use, energy features, and cost-effective improvement recommendations.
- **Make your clients and lending partners aware of financing products tied to the Home Energy Score.**
 - Borrowers can use the Home Energy Score to qualify for financing products such as Fannie Mae's HomeStyle Energy mortgage loan, FHA mortgage products, and solar financing from Green Banks. In some cases, a Home Energy Score can help borrowers qualify for larger loans.

Home Energy Score

- Talk to your preferred lenders and encourage them to offer these sometimes overlooked opportunities. If high-volume real estate professionals demonstrate interest and demand, your lending partners are more likely offer these loan products.
- **Help your clients use the Home Energy Score to make smart investment decisions and be happier in their home.**
 - If your client is interested in buying a house with a low Home Energy Score, encourage them to make some or all of the recommended improvements provided with the Score. Remind your clients that many of these upgrades can be done more easily before they move in along with repainting walls or sanding the floors.
 - Insulation, duct sealing, and other upgrades can not only reduce their utility bills but also vastly improve the comfort of the home.
 - Direct your client to [DSIRE](#) so they can find out about local incentives that can bring down the cost of energy improvements.

WHEN WORKING WITH A SELLER

- **Information is a selling point.**
 - Buyers like to know what to expect. On average, utility costs are higher than property taxes and home insurance. Buyers like to be able to predict this monthly cost.
 - Research by [Elevate Energy](#) found that sellers who disclosed energy information sold their homes 45 days faster than those who didn't. Even when bills were higher than average, homes that disclosed the information sold faster.
- **Energy efficient homes appeal to buyers but efficiency is invisible unless highlighted.**
 - The Home Energy Score is a tool for sellers to showcase their home as beautiful and comfortable to live in and with energy efficient features that may otherwise go unnoticed.
 - [Studies](#) across the U.S. consistently show that energy efficient homes sell for a premium, most frequently for four to six percent higher than comparable homes.
- **The Home Energy Score can be used to qualify borrowers for additional financing.**
 - Borrowers can use the Home Energy Score to qualify for additional such as Fannie Mae's HomeStyle Energy mortgage loan, FHA mortgage products, and solar financing from Green Banks.
 - In some cases, by showing the Home Energy Score upfront, sellers can attract a broader pool of buyers who can use the Score to qualify for larger loans.

WHEN A HOME SCORES LOW

- **Keep in mind that energy ratings are just one piece of a multitude of information about a home.**
 - [Studies](#) have shown that while homebuyers appreciate having energy information, high bills or poor energy ratings are not enough to deter buyers.
 - Buyers care about a home's location and character far more than its estimated energy use.
- **Make sure your clients understand what the Score actually means.**
 - The Home Energy Score reflects how much energy a home is likely to use in one year, assuming average occupant behavior and average weather for that location.

Home Energy Score

- The Score reflects how much energy the home will use in total, not per square foot.
- **Attractive, well-built homes can use a lot of energy.**
 - Scoring a 1 does not mean a home is poorly built or a bad home.
 - A new home with up-to-date equipment may still get a low score. That's because a variety of factors, including house size and number of windows, affect how much energy is needed to heat and cool a home.
- **Encourage your clients to act on the recommendations included in the Score Report.**
 - Most home improvements are made within the first two years of the home's purchase. Solutions provided in the Home Energy Score Report can help a buyer ensure these investments are prioritized and cost-effective. Your client can take advantage of [local utility and state incentives](#) to invest in energy efficiency.
 - In some cases, sellers may wrap energy efficiency improvements into the work they carry out before listing the home. Knowing how much an improvement will affect the Score can be useful in informing those decisions.
- **Make sure your clients know to ask lenders for attractive financing.**
 - The Home Energy Score can be used to qualify for certain loans or additional financing to fund energy efficiency improvements.