

WORKING GROUP ON BUILDING ENERGY DISCLOSURE

Presentation by: Eric Phaneuf Esq. — Broker, Sterling Realty, Ltd

Government Affairs Energy Liaison
Vermont Association of REALTORS®

Outline

- Vermont housing statistics and current market conditions
- Concerns with mandates
- Concerns with a Time of Sale trigger
- VAR and NAR energy efficiency education and existing energy disclosure
- Market driven solutions instead of mandates

Vermont Housing Statistics

- Vermont has 251,736 occupied housing units
- 179,447 are owner occupied
- 121,554 - nearly 50%— are subject to mortgages
- 76,800 homes – 30% - were constructed before 1940

Vermont Housing Market

- 2010 - sales volume grew for the first time in four years
 - Growth was an anemic 1.22%
- 2011 – through the Q2 sales volume of MLS listed properties is down by 8%
- We are clearly in a fragile market environment that will not respond well to the drag of unfunded mandates
 - Right now nearly every deal is difficult to get closed

Common Reasons People Sell Their Home

- Can't afford monthly payments and are proactively reducing debt
- Delinquent on their property taxes and their mortgage payments - trying to avoid a foreclosure sale
- Family crisis, divorce, loss of a family member, loss of job
- Relocate to a better geographic location for a new job/career

Concern with time of sale triggers

- Sellers are financially and emotionally stressed
- TOS triggers hit owners at an inopportune time – preparation for sale is already an expensive endeavor
- Mandating the seller to contract for an audit focuses on the wrong party
 - Purchaser – the future owner - is the party of interest

Time of Sale Trigger Will Not Meet Goal

- Act 92 (VT Energy Efficiency and Affordability) goal of making 25% of VT homes energy efficient by 2020
 - ~ 80,000 housing units
 - At the present annual rate of sales (5,000/yr) TOS trigger will only audit 45,000 homes
 - Even if ALL TOS audited owners did upgrades the TOS mechanism would still fall 45% short of goal
 - Relying on TOS could take ~ 50 years to audit all of the occupied homes in Vermont

Time of Sale Mandates – Observations From the Field

- Lead based paint disclosure and testing
 - High level of compliance with disclosure requirement
 - Low level of actual testing and or remediation - expensive
- Smoke and Carbon Monoxide Detectors
 - Successful
 - Low cost of compliance, large benefit

Existing Disclosures Through VAR Channels

- Sellers Property Information Report
 - Fuel usage
 - Electric usage
 - Easily translates data into dollars
 - Available at time of listing, often reviewed at a showing
- Most purchasers already ask for 12 month fuel reports
 - Large benefit and little cost
- Detail field in MLS for HERS rating when available

VAR and NAR Efficiency Education

- 2007 – First green themed Annual REALTOR® Conference in the country
- Commissioned courses from Efficiency Vermont: Green Construction, and Energy Star ratings
- 2009 - offered NAR's Green Designation Course at our annual conference
- Trained a Vermont member as a nationally certified instructor to provide NAR green designation course
- VAR sponsored home buyer educational website in the works

Induce Action With a Compelling Value Proposition Not Mandates

- Appeal to the pocket book and Yankee sense of thrift
- Create demand through education
 - Potential revise SPIR with devoted energy section
- Energy is invisible so feedback is important
 - Devise a low cost method of showing home owners fuel consumption in real time - possibly with a dollar meter
- Focus first on market segments most likely to act

Keep it Simple

- A wealth of information can create a poverty of attention
- Require “official seal” auditors to be certified by the state
- Create a state “approved” list of auditors who agree to provide an audit for a scheduled fee
- Communicate offering through multiple consumer websites – utilities, fuel dealers, VAR, Efficiency VT, VT state government

If only it was this easy...

