WORKING GROUP ON BUILDING ENERGY DISCLOSURE

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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...