

**RE86R14 –
HIGH PERFORMANCE GREEN HOMES IN RESIDENTIAL REAL ESTATE**

I. INTRODUCTION:

- A. Introduction to the background of high-performance construction and retrofits
- B. Current trends in the residential home marketplace.
 - 1. Increased consumer demand for more energy-efficient houses
 - 2. Government support of energy efficiency and distributed generation
- C. New complexities for residential real estate agents licensed in Massachusetts.
- D. All market participants will benefit from better educated agents.

II. CREATING POLICY IN THE FACE OF CLIMATE CHANGE:

- A. Legislation that balances the challenges of New England’s demand for energy with policy that meets the needs of the rate-power, the power grid, and the environment is, arguably, one of our region’s most difficult tasks.
- B. Potential economic impacts of climate change in the Northeastern United States alarms even the most casual observers.
- C. One of the few solutions that relieve stress on the ratepayer, the regional energy grid, and the environment is energy efficiency.

III. DEVELOPING MARKET AND INCREASED VALUE FOR GREEN HOMES:

- A. Green developer, builder, homeowner
 - 1. Current market conditions and projections
 - 2. Overview of home energy ratings:
 - Residential Energy Services Network (RESNET) – Home Energy Ratings Score (HERS)
 - Energy Star for Homes
 - Leadership in Energy & Environmental Design (LEED) for Homes
 - Passive House
 - Energy Performance Score (EPS) – Home Energy Score - Home MPG
 - Concept of *net zero*
 - Background on building codes – International Energy Conservation Code (IECC), International Code Council (ICC)
 - Introduction to asset ratings versus operational ratings
 - 3. Case study: Massachusetts Energy Performance Scorecard (EPS) example
- B. Professional Development Opportunities
 - 1. National Association of REALTORS (NAR) Green Designation
 - 2. EcoBroker
 - 3. LEED Green Associate, LEED Accredited Professional
- C. Green Multiple Listing Service (MLS)
 - 1. U.S. Green Building Council (USGBC), MA Chapter
 - 2. Updates to MLS of green data fields
 - 3. Better reflect the regional marketplace

D. Appraiser and Lender

1. Appraisal Practices Board of the Appraisal Foundation released a First Exposure Draft for its *Valuation of Green Buildings: Background and Core Competency*
 - a. Value premium for green buildings
 - b. “Potential for obsolescence, also known as the “brown discount” for existing buildings that don’t green up” (*Valuation of Green Buildings: Background and Core Competency, September 2013, page 6*). Multiple studies indicate high-performance (or ‘green’) labeled home sell at higher prices with less days on market (DOM)
 - c. Appraisal Institute’s (AI) Green Addendum
 - d. Price premium for solar photovoltaic (PV) is being recognized
2. Financing current events
 - a. Federal Housing Authority (FHA) 203k Rehab loans for EE upgrade
 - b. HEAT Loan
 - c. Energy Efficiency Mortgage (EEM)
 - d. Property Assessed Clean Energy (PACE)
3. Owners of Energy Efficient Homes Less Likely to Default on Mortgages
 - a. Principal Interest Taxes and Insurance (Energy Spend) – P I T I E S

IV. GREEN BRAND AND STRATEGY

- A. Future buyers’ focus on operating costs as energy prices rise
- B. Future buyers’ focus on climate change impacts at home
- C. Opportunity to be part of the solution
- D. Growth of green certification for brokers and homes
- E. Avoiding green litigation – greenwashing
- F. Customer loyalty
- G. Increased legislation promoting and mandating more energy efficient homes

V. MASS SAVE® - RESIDENTIAL

- A. Mass Save funding comes from 3 sources:
 1. Energy efficiency surcharge on all of our utility bills
 2. Regional Greenhouse Gas Initiative (RGGI)
 3. Forward Capacity Market administered by ISO-NE (the electric grid operator in New England)
- B. Residential
 1. No-cost home energy assessment (or energy audit)
 2. Educate homeowner on incentives for energy efficiency (EE) work
 3. Case study: Springfield Home MPG Customer

VI. COMMONWEALTH OF MASSACHUSETTS' ENERGY MARKET

A. Rate-payer stress

1. New England's high electricity and energy costs
2. Case study: 2012-2013 heating season analysis
3. Prevalence of oil as heating fuel in Massachusetts
4. Natural gas versus oil heated homes and the premium natural gas commands in the marketplace

B. Updating the 'Energy Features' MLS field with regionally specific and appropriate fields

VII. MA LEGISLATION PAST & PRESENT SUPPORTING MARKET TRANSFORMATION

- A. Renewable Portfolio Standard (RPS) (2003), Regional Greenhouse Gas Initiative (RGGI) (1997-98), and the Systems Benefit Charge (SBC)
- B. Green Communities Act (GCA) passed 2008, Stretch Code and Net Metering for distributed generation
- C. Solarize MA 2011
- D. May 7, 2013 Boston Energy Ordinance passed
- E. SAVE Act (U.S. Congress) – incorporates 'energy spend' in load evaluation criteria