NAR Issue Summaries

Environment / Home Performance

NAR Committee:

Land Use, Property Rights and Environment Committee

What is the fundamental issue?

Home Performance is a building science-based approach to evaluating the actual performance of a home as measured by the resulting energy savings, comfort level, and air quality. It aligns with an overall belief that properly performing homes should be safe, healthy, comfortable, durable, and efficient. For Realtors, it can be a valuable tool to marketing a property.

Federal, state and local governments are enacting policies, laws and regulations - some voluntary, some required - that seek to improve a home's performance as it relates to energy efficiency, comfort, sustainability and resilience.

I am a real estate professional. What does this mean for my business?

More and more homes and commercial buildings are beginning to incorporate higher home performance standards, either by being built new or existing homes being retrofitted. Some of these new standards are required as a result of changes to the national building code or other state and local requirements. Other changes to homes and commercial buildings are the result of builders and contractors responding to consumer demand for new construction and retrofits that are more energy efficient, resilient and sustainable. Taken together, these changes will result in a nationwide housing stock that will slowly grow more sustainable over time.

These changes will have a positive impact on a Realtor's business by presenting an opportunity to sell buildings that are more energy efficient, more comfortable and save the owner money through reduced energy and utility costs. However, some of these changes could also present challenges by making buildings more expensive and less affordable for a potential buyer. realtors will need to be educated about the costs and benefits of these changes and ways to mitigate the costs to the buyer.

NAR Policy:

- Energy efficiency encouraged by voluntary incentives such as grants, loans, rebates or tax credits that enhance the value of the property and its use.
- Innovative mortgage financing products that integrate the value of energy efficiency and power generating upgrades to provide enhanced down payment assistance and/or lower monthly mortgage payments for property owners.
- Accurate property appraisal practices that reflect the value of high-performance building features, including but not limited to energy efficiency, energy generation or energy use investments.
- Protecting property owners' rights to create energy on their property for their own use, in compliance with all relevant laws and regulations, and to sell excess energy back to the grid.

500 New Jersey Avenue, NW
Washington, DC 20001
(800) 874-6500
nar.realtor

- Cost-effective strategies that facilitate a positive, voluntary market response to energy production, energy efficiency, resiliency, and sustainability.
- Market-based federal policies that are cost-effective and energize the nation's innovative entrepreneurial spirit.
- Public policies that address climate risks, resiliency, and sustainability, guided by and respectful of, private property rights, long-term sustainability, and Smart Growth principles.
- The creation of resilient and sustainable infrastructure, buildings, and communities.
- Cost effective mitigation strategies that facilitate adaptation to the effects of climate change risks, weather events, and ecosystem change.
- Solutions that encourage sustainable energy practices, energy efficiency and independence including incentives such as expedited permitting and tax benefits.
- Smart building and high-performance construction technologies that enhance our quality of life while preserving resources and the environment.

Opposition Arguments:

Home performance upgrades can save energy and improve comfort. However, some caution is needed when it comes to over-selling these benefits. Here are a few points to consider:

Mixed Results: Over the years, various trends in the home performance industry have emerged with great enthusiasm but often yielded mixed results. Initiatives like Home Performance with Energy Star or financial tools like Property Assessed Clean Energy (PACE) programs have not lived up to expectations.

Health Claims: While energy upgrades can improve indoor environments, focusing solely on health benefits may not create significant demand or market transformation. The industry should strike a balance between energy efficiency and health considerations.

Cost v Benefits: Some of these upgrades are expensive to make and the costs are not fully realized when the property is resold. In addition, these increased costs may price some potential buyers out of the market, thereby making property more difficult to sell

In summary, it's essential to acknowledge benefits without overselling them, while also recognizing the costs, ensuring a balanced approach to home performance.

Legislative/Regulatory Status/Outlook

N/A

Current Legislation/Regulation (bill number or regulation)

The Whole Homes Repair Act

Legislative Contact(s):

Russell Riggs, rriggs@nar.realtor, 202-383-1259

Regulatory Contact(s):

Russell Riggs, rriggs@nar.realtor, 202-383-1259