

## Changing Market Dynamics for Energy Efficient Homes

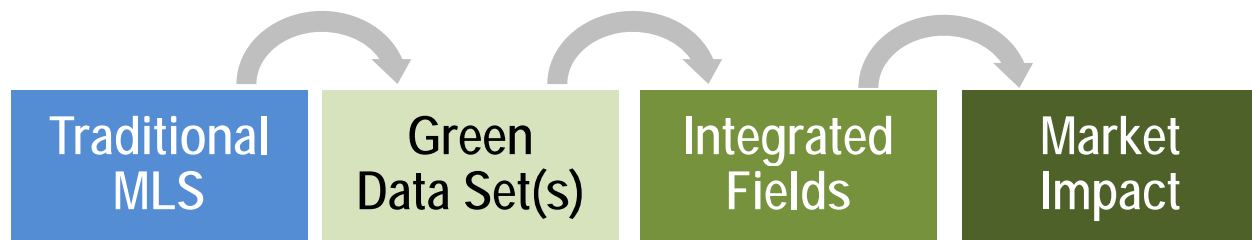
Resources to make existing homes more energy efficient are scaling up quickly right now. For example, the U.S. Department of Energy's Better Buildings Neighborhood Program grants have created funding for home performance programs in more than 40 markets. Home Performance with Energy Star is now offered in more than 30 states.

As housing stock evolves, it is important that the local real estate market does too. In September, the Center for Neighborhood Technology in Chicago organized the Green MLS/Better Buildings Roundtable to get a better handle on opportunities and challenges. The event was held at the Chicago Metropolitan Agency for Planning. The goal was to explore the current situation using seven Better Buildings markets as a sample.

The meeting brought together approximately 25 contributors from the seven markets, as well as their counterparts at several key trade organizations. The group was an unprecedented mix, and was roughly balanced between four key stakeholder groups: multiple listing service (MLS) operators; Realtors; appraisers; and home performance and energy efficiency professionals. The seven markets included: Santa Clara County and Los Angeles County in California; Boulder, Colorado; Chicago Metro in Illinois; Westchester County, New York; Portland, Oregon; and Charlottesville, Virginia. National stakeholders included the Appraisal Institute, Building Performance Institute (BPI), U.S. Department of Energy (DOE), EcoBroker International, Institute for Market Transformation (IMT), National Association of REALTORS (NAR) and the National Home Performance Council (NHPC).

CNT Energy surveyed participants prior to the event and established a continuum that markets progress through as green fields are offered in a multiple listing service:

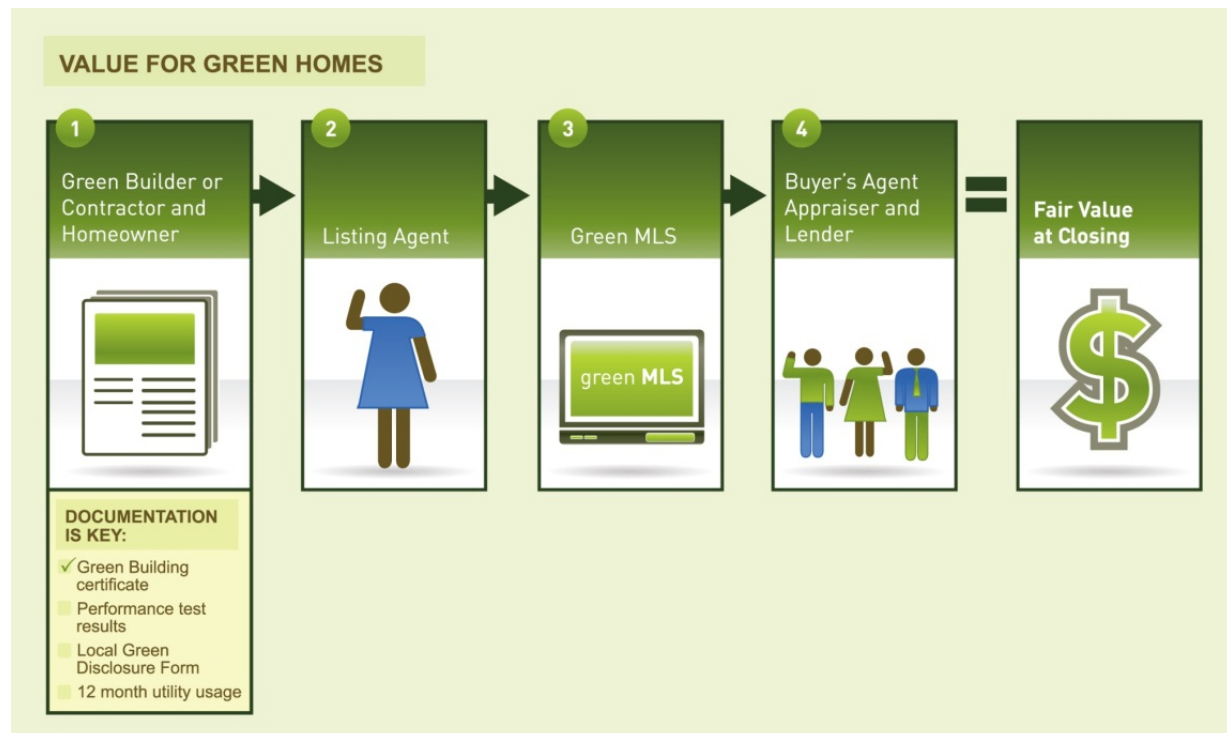
- **Traditional MLS** – No green fields available
- **Green data sets** – MLS offers green fields and efficiency programs track home performance, but the data are not coordinated
- **Integrated fields** – The MLS and efficiency programs have coordinated to align data collection; the collaboration improves the quality of home efficiency information in a listing and makes it easier for agents to access
- **Market impact** – High-quality efficiency information about homes for sale in a given market has reached a scale at which market studies are possible



Prior to the roundtable one of the participating markets was in the traditional MLS stage, five were at green data sets, and one was at the market impact stage. Based on participation before and during the roundtable, two markets completed activities or made commitments that pushed them ahead to the integrated fields stage. A third made commitments that will allow them to pursue market impact. This progress signals that facilitated interactions can improve the market infrastructure for efficient homes.

NAR's Green Resource Council has surveyed MLS operators from across the country about Green MLS status. An initial survey was completed in 2010 and a 2011 survey is currently underway. Working in cooperation with Green Resource Council, CNT Energy anticipates applying the Green MLS Market Continuum to assess national progress, as well as to identify opportunities for progress in selected markets.

Another construct leveraged during the roundtable was the Fair Value for Green Homes Framework that CNT Energy created for the Green MLS Toolkit. The framework identifies a high-level system for both information and value related to energy improved homes. The framework also identifies the key stakeholders involved in the system.



Several key themes emerged from the roundtable based on the value framework:

- Mutual data requirements must be defined.
- Stakeholders must also include loan underwriters.
- Integration within key real estate activities (such as listing a property or assessing its value) is dependent on a standardized metric that would connect third-party documented home improvement to value.
- A consistent baseline for education is needed across all the stakeholder groups in the framework (and including underwriters).

Looking forward, there was support among participants for opportunities that would encourage the most future progress:

1. Create a clear path for valuing green and energy efficiency improvements.
2. Create a roadmap for the big pieces.
  - Financing energy efficiency improvements (from education on products available to appraisal and loan closing)
  - Valuation metric (established metric to link performance savings to value)
  - Education and outreach

CNT Energy is currently documenting the viability and scope of related follow-up projects, as well as encouraging participating individuals and organizations who were inspired during the event to pursue their own ideas. To stay current on developing progress, please contact [lstukel@cntenergy.org](mailto:lstukel@cntenergy.org).

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