

# Making the Value Visible:

A Blueprint for  
Transforming the High-  
Performing Homes  
Market by Showcasing  
Clean and Efficient  
Energy Improvements

September 2020

Pamela Brookstein  
Julie Caracino



**ELEVATE**



# Acknowledgements

We thank our colleagues who provided their insights and expertise to help fine-tune this white paper. While the paper has benefited greatly from their guidance, they may not agree with all the interpretations or conclusions of this paper.

## Reviewers

- Richard Faesy, Energy Futures Group, Inc.
- Meg Garabrant, NEREN® MLS
- Joseph Gentile, Pearl Home Certification
- David Heslam, Earth Advantage
- Janelle McGill, REALTOR®, GREEN
- Deborah Philbrick, Elevate Energy
- Anthony Roy, Earth Advantage
- Tina Stepaniak, Chicago Association of REALTORS®
- Alissa Whiteman, Massachusetts Department of Energy Resources

A special thanks to Robin LeBaron of Pearl Certification, one of the authors of the original Blueprint, who provided the authors with extensive suggestions and comments, particularly regarding lessons learned between the first edition of the Blueprint and this edition.



**ELEVATE ENERGY**  
Smarter energy use for all

## About Elevate Energy

Elevate Energy promotes smarter energy use for all by designing and implementing programs that reduce costs, protect people and the environment, and ensure the benefits of clean and efficient energy use reach those who need them most. Elevate Energy acts as a facilitator, both nationally and locally, aligning the process, players, and assets needed to make the value of high-performing upgrades visible in the real estate transaction.



**BUILDING  
PERFORMANCE**  
ASSOCIATION

## About Building Performance Association

The Building Performance Association envisions a world in which all residential buildings are energy efficient, healthy, comfortable, and safe. The Building Performance Association is a 501(c)(6) energy efficiency industry association with members across North America in contractor services, program administration, implementation, and building technologies. We work closely with industry and government to empower homeowners to choose energy efficiency by providing them with meaningful, trustworthy information they can use to make decisions about their energy use and related home improvements.



# Table of Contents

<b>2</b>	Acknowledgements
<b>4</b>	Executive Summary
<b>6</b>	Definitions
<b>7</b>	Introduction: Making Value Visible To Achieve Market Transformation
<b>10</b>	The Blueprint: Immediate Actions For Transforming The High-Performing Home Market
<b>12</b>	The Blueprint Actions
<b>22</b>	The Real Estate Industry Cheat Sheet
<b>27</b>	Conclusion
<b>28</b>	References



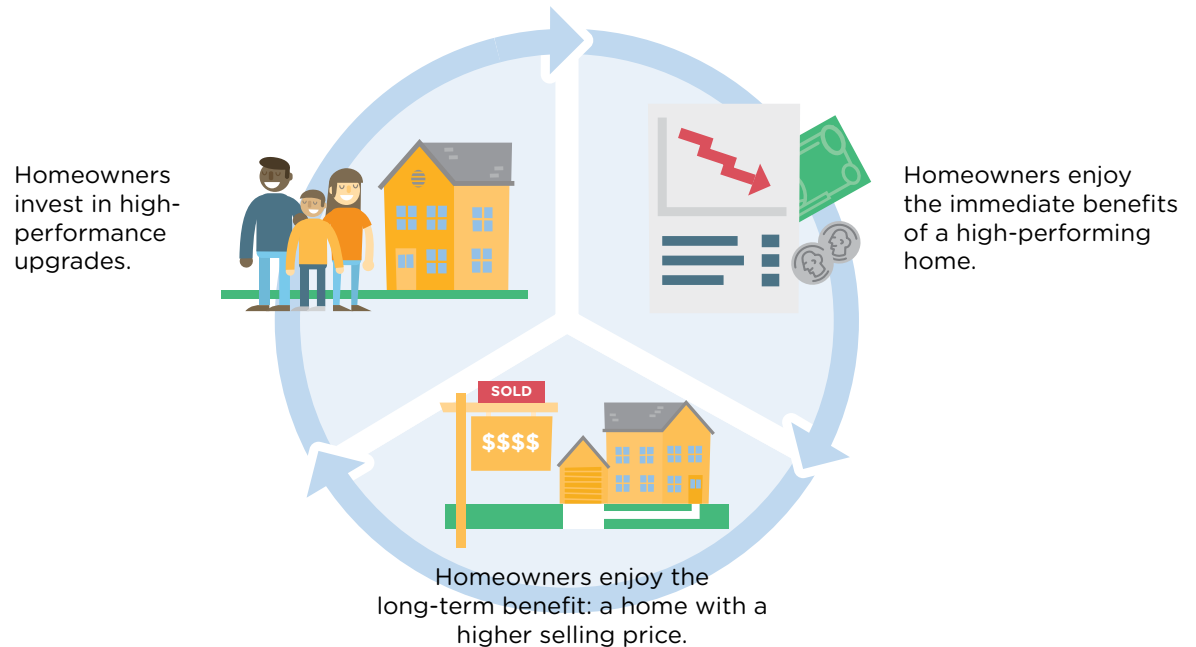
# Executive Summary

Home buyer demand for high-performing homes – homes that are comfortable, healthy, and energy efficient and/or generate and store energy – has grown steadily for decades. Over two million homes have been built to high-performing standards over the past ten years, and millions more have high-performing features, such as insulation and air sealing, efficient heating and cooling systems, and solar panels. Survey after survey shows that buyers want these homes because they value the benefits of a high-performing home: comfort, healthy indoor air, low energy bills, and their own power.

However, buyers have a hard time finding the homes they want. When high-performing homes are sold, they are rarely marketed as such. Buyers have few ways to search for high-performing homes in the multiple listing service or on online portals like Zillow, Redfin, or Realtor.com, and the methods that do exist are typically cumbersome and non-intuitive. When they walk through a high-performing home, they may never learn about its “invisible” technical features, such as its air sealing, highly efficient cooling system, or “performance testing.”

If buyers had a clear understanding of the benefits and features of high-performing homes, available evidence suggests that they would pay more for them. This would launch a cycle of market transformation (visualized below) in which homeowners upgrade their homes not only because these improvements make their homes more livable and less expensive to operate, but also because they can reasonably expect to capture the value of these

## The Cycle of Market Transformation



improvements when they sell the home, similar to expectations of resale value for other types of home improvements.

This paper provides high-performing home professionals – managers of clean energy programs – with a blueprint for setting this cycle of market transformation in motion. The main points in the cycle are three outcomes:

- Make high-performing homes and home features visible to the market.

- Make high-performing homes exciting to buyers and to real estate agents.
- Quantify the value that a high-performing verification adds to a home.

Each of these outcomes can be achieved through one or more actions that can be implemented by a high-performing home professional or program, each of which are described in detail in the Blueprint.





- Make high-performing homes and home features visible to the market.
  - Light Up the Map: Create an Inventory of Verified High-Performing Homes
  - Make it Public: Get Key High-Performing Home Information to Home Buyers
  - Support the Accurate Valuation of High-Performing Homes
- Make high-performing homes exciting to buyers and to real estate agents.
  - Make the Data Sing: Help Agents Market High-Performing Homes
  - Build Relationships: Engage and Work with Your Local Real Estate Community
  - Support High-Quality Continuing Education and Designation Training
- Quantify the value that a high-performing verification adds to a home.
  - Quantify the Local Value: Sponsor Appraiser-Designed Studies to Show How Much More High-Performing Homes are Worth

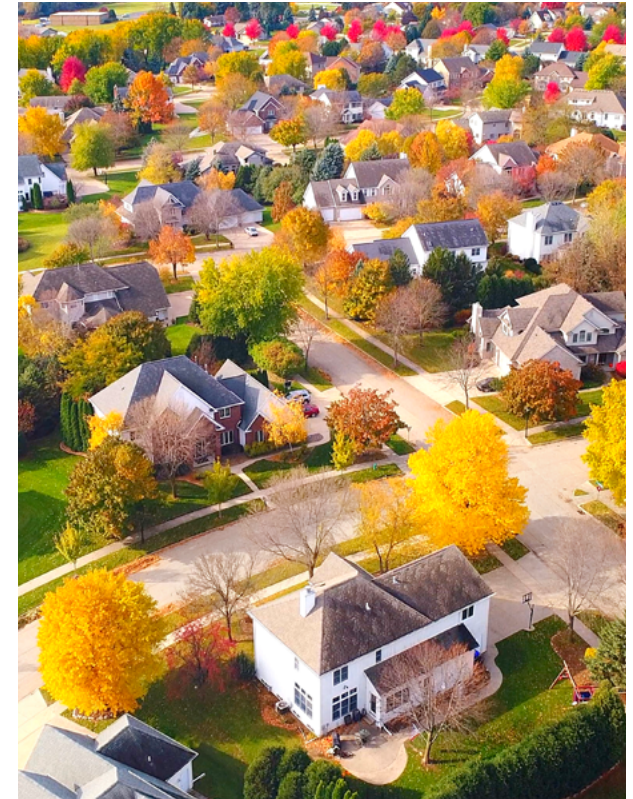
This discussion builds on the original version of the Blueprint, published in 2013. The 2013 Blueprint focused primarily on methods to get data into the multiple listing service without fully addressing the technical challenges involved. This paper builds on lessons learned over the subsequent six years since the

original publication by introducing more detail about the challenges of transferring data and methods for engaging the real estate sector.

This updated Blueprint is written primarily for high-performing home program professionals, that is, the sponsors and implementers of state, municipal, and utility residential clean energy programs (i.e., energy efficiency and renewable programs) designed to help homeowners make their homes more energy efficient and capable of generating and storing energy. These professionals have a key strategic opportunity to promote the cycle of market transformation discussed in this paper because they play a major role in creating the supply of high-performing homes, and they have both the motivation and resources to develop the linkages between the high-performing home and real estate industries.

The Blueprint is also intended to provide guidance to a wide range of other professionals working with high-performing homes, including home builders, residential contractors and raters, building scientists, architects and designers, and policy managers and advocates. Each of these professionals has a strong vested interest in the creation of the cycle of market transformation, and each has an important contribution to make towards setting it in motion.

Notably absent from this Blueprint is a “how-to” section on implementing local policy that may speed up the cycle or on managing existing policy that may make



implementing actions more challenging. The Blueprint is intended to be useful for high-performing home professionals regardless of the policy environment. For a comprehensive conversation on that subject, please refer to “Home Energy Labeling: A Guide for State and Local Governments” (EMPRESS Team, 2018) and “A Policymaker’s Guide to Scaling Home Energy Upgrades” (LeBaron & Saul-Rinaldi, 2015).



## DEFINITIONS

Listed below are terms frequently used throughout the Blueprint.

- **Market transformation:** “While no single definition exists, market transformation generally refers to the process by which collective action, policies and programs effect a positive, lasting change in the market for energy-efficient technologies and services, such that these technologies and services are produced, recommended, and purchased in increasing quantity,” (Suozzo, 1996).
- **High-performing home:** A high-performing home is more healthy, comfortable, safe, and resource-efficient than an average home, and/or generates and stores its own energy. High performing homes often have a third party-issued verification.
- **Third-party high-performing home verification:** Information about a high-performing home presented in a standard format by a third-party organization that maintains a formal process to ensure the quality and accuracy of the data. A “third party” organization is an organization that does not own the high-performing home and did not build or make improvements to it.
- **High-performing feature:** High-performing features contribute to making a home perform well by meeting its occupants’ comfort, health, safety, resilience, water efficiency, and energy needs. There are many types of high-performing features, including high-quality insulation and air sealing, energy efficient appliances and heat pumps, smart temperature control systems, water flow controls, solar panels, and vehicle charging stations. A feature is considered high-performing if it is better than what an average home would contain. Attic insulation with an R-value of 19 would not be considered high performing, for example, since most homes are now insulated to this level, but attic insulation with an R-value of 49 would be.
- **High-performing home professionals:** This group includes sponsors and implementers of state, municipal, and utility clean energy programs that are designed to enhance energy efficiency and promote renewable energy generation in U.S. homes.
- **Real estate professionals:** This term encompasses real estate agents, real estate brokers, REALTORS®, and real estate appraisers. Read more about these groups in the “Real Estate Industry Cheat Sheet,” found in the Action 5 section of the Blueprint.
- **Real estate industry:** The real estate industry includes all persons and organizations involved in the sale of real property. It includes real estate professionals, as defined above as well as national, state, and local associations of REALTORS®, multiple listing services, and industry organizations, such as the Council of Multiple Listing Services and the Real Estate Standards Organization.
- **Types of high-performing home verifications:**
  - **Certification:** A formal indication that the home meets a set of criteria established by a third-party organization. These criteria typically require that the home meets specific standards for features that affect the home’s comfort, health, energy efficiency, water efficiency, resilience, and/or energy generation and storage capacity. The U.S. Environmental Protection Agency’s ENERGY STAR® Certified New Homes and Southface’s EarthCraft are both examples of high-performing home certifications.
  - **Label:** Information about a home’s performance relative to other homes, typically by giving the home a score on a continuum that runs from poor to excellent performance. Most labels focus on only a single aspect of a home’s performance, such as the home’s relative energy consumption or energy efficiency. The U.S. Department of Energy’s Home Energy Score™, Residential Energy Services Network’s Home Energy Rating System (HERS) rating, and certifications that indicate a home’s energy consumption in MMBtus are all examples of ratings.
  - **Home feature verifications<sup>1</sup>:** Third-party verification that a home contains one or more high-performing features. These features may have been installed when the home was built or may have been added as improvements over time. A certification or label may contain home feature verifications, or a home feature verification may be a stand-alone document. The U.S. Department of Energy’s Home Performance with ENERGY STAR® Certificate of Completion and a Pearl Certification Report are examples of documents that contain home feature verifications.

<sup>1</sup> Note that this typology of high-performing home verifications is very close to the excellent set of definitions laid out in the U.S. Department of Energy’s Home Energy Information Accelerator Toolkit. The primary difference between the Toolkit’s definitions and those provided above concern the third type of high-performing home verification, home feature verifications. The Toolkit defines this group of verifications as “verified energy improvements,” a definition that doesn’t capture the potential for verification of features that are not “improvements” because they were part of the home as originally built. In other words, a home that was constructed by a custom builder with attic and wall insulation considerably better than code, but not built to the standards of a third-party certification, has high-performing features that are not technically “improvements,” but should be featured at time of sale through a home feature verification.



# Introduction: Making Value Visible to Achieve Market Transformation

## The Market for High-Performing Homes

A high-performing home is more healthy (Russell, Baatz, Cluett, & Amann, 2015), comfortable (ENERGY STAR, 2019), safe (Norton, Brown, Malomo-Paris, & Stubblefield-Loucks, 2016), and resource-efficient (National Institute of Building Sciences, 2018) than an average home because it has been built or renovated according to the principles of building science (Kesik, 2016). It may generate and store its own energy and may also include a wide range of high-performing features, such as air sealing, insulation, energy efficient heating and cooling equipment, high-efficiency water heaters, “smart” monitoring devices, and solar panels and batteries for energy storage. High-performing homes often have a third-party-issued verification that documents that the home has met a set of minimum standards and/or has specific high-performing features.

A casual reader might assume that most homes in the U.S. are high performing. In fact, the opposite is true: the occupants of the vast majority of homes in the U.S., including many homes built in recent years, experience comfort problems, health issues (Wilson, et al., 2016), and/or high utility bills (The Demand Institute, 2014). These problems could all be significantly mitigated by proper construction techniques and energy efficiency upgrades (National Institute of Building Sciences, 2018).

If asked, an average home buyer probably would not say that they want a high-performing home. However, survey data indicate that this is exactly what buyers want, even if they don’t use the term high performing. For the past decade, national and regional studies have consistently shown that buyers are interested in energy efficiency, renewables, and features that make a home comfortable, healthy, and safe. Energy-saving features such as ENERGY STAR® windows, appliances, and whole-house certifications ranked among the top ten must-haves that buyers wanted from a list of over 170 home features (Dittman Tracey, 2019). A majority of homeowners also see indoor air quality features as essential or desirable; these features include home dehumidification systems, electronic air cleaners, and low volatile organic compound (VOC) paints (National Association of Home Builders, 2019).

Over the past decade, studies from across the U.S. consistently demonstrate that consumers will pay more for high-performing homes that are clearly marketed as such. That is, buyers will pay a “green” or “high-performing premium” that reflects the contributory value (see definition below) of the home’s high-performing features. Recent studies from across the U.S. have found high-performing premiums ranging between 2.19% and 5.8% of the home’s total sale price. In particular:

- A 2018 appraiser-led study in California found that homes with a third-party verification have, on average, a selling price 2.19% higher than similar homes without a green label or green features (Adomatis, 2018). With the average median sales price of Bay Area homes at \$856,200, that 2.19% translates into \$18,751 in additional value to the homeowner.
- A 2017 study on homes sold in Virginia performed by a team of appraisers found that the average price premium for a Pearl-certified home was more than 5% when the home was marketed as Pearl-certified (Adomatis, 2017).
- A 2015 appraiser-led study in Washington, D.C. found that high-performing homes marketed with high-performing features sell with an average premium of 3.46% compared to homes without these features (Adomatis, 2015).

## Contributory Value

Contributory value is the change in the value of a property as a whole, positive or negative, resulting from the addition or deletion of a property component (Appraisal Institute, 2015).

The clear identification of the positive contributory value of energy efficiency features, or energy efficiency premium, is crucial.





This identification has the potential to drive a tremendous increase in residential energy efficiency by demonstrating to the buyer and other participants in the real estate transaction that improvements can pay for themselves, in part or in whole, through an incremental increase in the home's resale value.

### An Example of Contributory Value

A 95% Annualized Fuel Utilization Efficiency (AFUE) furnace costs \$5,000. After one year, the house sells for \$2,750 more than a similar home without a high-performing furnace. The contributory value of the furnace is \$5,000 minus \$2,250 in loss from all forms (physical depreciation and functional obsolescence) for a contributory value of \$2,750 based on market support of paired sales.

Over the past decade, builders and home improvement contractors, with support from clean energy programs, have been creating a supply of high-performing homes to meet consumer demand. Over 1.9 million homes have been built to ENERGY STAR<sup>®</sup> specifications. Hundreds of thousands of homes have been upgraded through the Home Performance with ENERGY STAR<sup>®</sup> program<sup>2</sup> and utility-sponsored programs. Almost two million homes have rooftop solar panels installed. Tens of millions of homes have high-performing features: 21 million U.S. homes have double-pane, low-emissivity windows; 20 million homes have attic insulation with an R-value of 38 or greater; and more than 11 million homes have high-efficiency gas furnaces. Even homes built to recent energy code standards (e.g., IECC 2015) perform far better than homes built in the twentieth century.



---

*When it becomes common knowledge that home buyers pay more for high-performing homes than for comparable homes without high-performing features, it will provide a powerful incentive for home builders to create more high-performing homes, and for homeowners to improve their homes' performance through upgrades and improvements.*

2 The Home Performance with ENERGY STAR<sup>®</sup> program is administered nationally by the U.S. Department of Energy in conjunction with the U.S. Environmental Protection Agency and is implemented locally by utilities, municipalities, or other organizations.





## The Cycle of Market Transformation

Market demand for high-performing homes has the potential to drive a fundamental transformation in the U.S. housing stock. When it becomes common knowledge that home buyers pay more for high-performing homes than for comparable homes without high-performing features, it will provide a powerful incentive for home builders to create more high-performing homes, and for homeowners to improve their homes' performance through upgrades and improvements. This will help to address the comfort, health, energy efficiency, and other performance problems that are widespread in the U.S. housing stock as well as help jurisdictions meet their greenhouse gas emissions reduction goals. As these improved homes become more common and their benefits more widely known, the price premium that high-performing homes command in the market will increase, driving yet more improvements.

In the Blueprint, this dynamic is called the "Cycle of Market Transformation." The following diagram shows how each part of the cycle supports and reinforces the next part.

## The Breakdown in the Cycle of Market Transformation

In theory, the cycle of market transformation should already be in effect. Industry surveys show buyers want high-performing homes and market analyses show that buyers are willing to pay for them. Builders and programs are creating an inventory of high-performing homes. Still, the cycle is not functioning because a crucial connection is not being made. When buyers are shopping for a

Homeowners enjoy the immediate benefits of a high-performing home.



Homeowners enjoy the long-term benefit: a home with a higher selling price.



Homeowners invest in high-performance upgrades.



home, they have almost no way to find and learn about high-performing properties. Information, one of the crucial elements of a properly functioning market, is not sufficiently available for home buyers to make informed choices.<sup>3</sup>

Most home buyers now start their home purchase journey by searching for homes on an online search portal: Zillow, Realtor.com, or the site of a local multiple listing service (MLS) or broker. Almost none of the listings that a buyer will view on any of these online sites will indicate whether the home is high performing or has high-performing features.

Information about a home becomes available on these portals when it is entered by the real estate listing agent into the local MLS. This is the point at which the agent can showcase a high-performing home, but this opportunity is often lost for one or more of four reasons:

- The agent may have no knowledge about a home's high-performing features because they didn't receive information from the seller, the builder, or another party;

- The agent was informed about the home's high-performing features, but didn't believe that the information was trustworthy and chose not to share the information due to liability concerns;
- The agent had trustworthy information about the home's high-performing features, but could not enter it into the MLS because the MLS had no fields to indicate whether a home is high performing or has high-performing features;
- The agent had trustworthy information about the home's high-performing features and appropriate fields in the MLS but did not share it due to a belief that the information was not important for buyers.

While most home purchasers begin their search online, almost all end up interacting with real estate agents<sup>4</sup>, either because they retain an agent to represent them or because they interact with the seller's agents during home tours or showings. These engagements represent another opportunity for the buyer to learn about a high-performing home's features, but yet again, the buyer is unlikely to receive the information they want because most agents do not have this information or do not have it from a source they trust.

# The Blueprint: Immediate Actions for

<sup>3</sup> The buyer may learn some information from a home inspector after they have had an offer accepted, but since the inspector is unlikely to be an energy expert, the information is typically too little. Since the buyer has already made an offer, it's also too late to make a difference for the buyer's determination of value.

<sup>4</sup> There are over 2 million real estate agents in the United States, interacting with home buyers and sellers from all types of neighborhoods and homes. According to data from the National Association of REALTORS<sup>®</sup>, 5.34 million existing homes were sold in 2018, and the U.S. Census Bureau reported that 617,000 newly constructed homes were sold that year. NAR found that for those real estate market transactions, 87% of home buyers used a real estate agent, as did 90% of home sellers. [Read the full report for more information.](#)



# Transforming the High-Performing Home Market

This paper provides a blueprint for high-performing home (HPH) professionals, particularly clean energy program managers, to address this market breakdown and establish a cycle of market transformation in their local market. It outlines three major outcomes that will set the cycle of market transformation in motion to ensure high-performing homes are properly valued. HPH professionals must:

- Make high-performing homes and their features visible to home buyers and other parties in the real estate transaction,
- Make high-performing homes and their features exciting for buyers and listing agents, and
- Demonstrate the additional value that high-performing homes can command during the home sale.

Although simple in concept, these outcomes can be challenging to achieve. This document describes how to make HPHs visible and exciting and ensure their increased value is properly documented. Each step is described below and a set of actions is provided to help the HPH professionals make key decisions and implement them in a way that establishes the cycle of market transformation.

The original version of this white paper was written in 2013 by CNT Energy and the National Home Performance Council, now re-branded as Elevate Energy and the Building Performance Association, respectively. The paper's intent was to provide energy efficiency program sponsors and other stakeholders in the high-performing home industry with methods to set this cycle of market transformation in motion. The paper explained how HPH professionals could document a

home's energy efficiency features to make their value visible in the real estate sale by incorporating this data into the MLS listing, the appraisal, and the lending

designed has not yet fully taken hold in any market in the U.S.



process. In the six years since the previous paper's publication, professionals in the efficiency, real estate, and appraising industries have made major progress in advancing the ideas outlined in the Blueprint. However, the cycle of market transformation that the Blueprint

This new version of the Blueprint continues to advance the mission of the original document: to provide a set of methods that will help high-performing home professionals set in motion the cycle of market transformation that makes high-performing homes



visible and valuable in the real estate transaction. However, some of the methods that it describes are new and reflect lessons learned over the course of the past six years, namely that relationships matter. HPH professionals must fully engage the real estate community in a way that is relevant to their business model to achieve market transformation into motion.

This Blueprint is written primarily for high-performing home program professionals, that is, the sponsors and implementers of state, municipal, and utility residential clean energy programs designed to promote energy efficiency and renewable energy generation in U.S. homes. These professionals have a key strategic opportunity to promote the cycle of market transformation discussed in this paper because they play a major role in creating the supply of high-performing homes and they have both the motivation and resources to develop the linkages between the high-performing home and real estate industries.

The Blueprint is also intended to provide guidance to a wide range of other professionals working with high-performing homes, including home builders, residential contractors and raters, assessors, building scientists, architects and designers, and policy managers and advocates. Each of these professionals has a strong vested interest in the creation of the cycle of market transformation, and each has an important contribution to make to setting it in motion.



This version of the Blueprint was written by the two original organizations, Elevate Energy and the Building Performance Association. One of the original Blueprint's authors, Robin LeBaron, provided extensive comments about lessons learned during the six years since the first Blueprint. Many other experts in the real estate and energy efficiency industries, listed in the Acknowledgements, generously reviewed the draft and provided comments.

## The Blueprint Actions

The Blueprint includes seven actions that can be used by high-performing home professionals to set a cycle of market transformation in motion in their local market. These actions do not all have to be undertaken, and they do not have to be taken in the order described here.

These actions are categorized according to the transformative outcomes they are designed to produce.

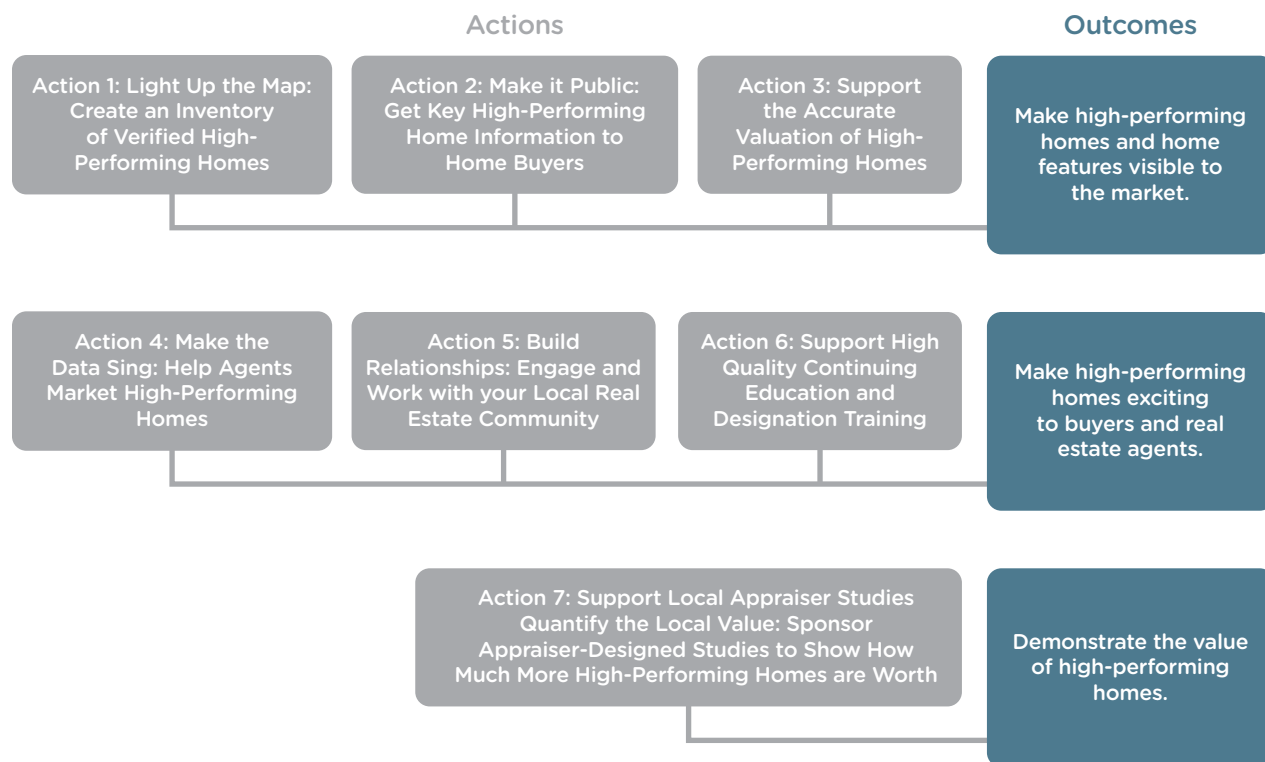
### Make High-Performing Homes Visible





Visibility is an important outcome for creating and sustaining the cycle of market transformation. Buyers won't

homes, and ensure that information about these homes is made easily available to buyers, real estate professionals, and appraisers. This section breaks down



pay for high-performing homes if they can't find these homes or don't understand what makes them perform better than other homes. Making high-performing homes visible involves ensuring that buyers can recognize them and that they have basic information about what makes them high-performing.

HPH professionals have a key role to play in setting this cycle in motion. They are well positioned to help create the necessary inventory of verified, high-performing

the ways that HPH professionals can contribute to making HPH homes visible through the following three actions.

### Action 1: Light Up the Map: Create an Inventory of Verified High-Performing Homes

A crucial action necessary to making high-performing homes visible is to create a significant inventory of them within a local market (which could be defined as a

municipality, county, by multiple listing service or local REALTOR® association footprint, or by program boundaries). A large inventory makes high-performing homes visible to buyers, real estate professionals, appraisers, and lenders as well as important third parties, such as the media. This in turn drives demand as buyers understand that high-performing homes are available and ask for them.

Additionally, real estate professionals, appraisers, and lenders have compelling business reasons to invest time and effort into understanding high-performing homes and incorporating them into their business practices. Without this inventory of certified high-performing homes, real estate agents lack an adequate incentive to learn how to market them, multiple listing services lack an adequate incentive to incorporate "green data fields," (discussed in Action 2) and real estate data firms lack an adequate incentive to create the database modifications and integrations necessary to ensure that data flows seamlessly from the energy efficiency industry to the real estate industry.

Once an inventory of high-performing homes has been established:

- Multiple listing services are more likely to add new fields that can highlight the inventory of high-performing homes and showcase these homes' high-performing features;
- Real estate agents are more likely to use and pay attention to third party certifications, labels, and ratings if they see the inventory growing in their market; and
- Appraisers will have the market data they can include in their opinion of value as they develop an appraisal for homes.

What is considered a significant inventory?





While more research is needed to see what critical mass is in each market, high-performing home professionals should develop long-term strategies to ensure that at least 5% to 10% of the housing stock in their market consists of verified high-performing homes<sup>5</sup>. This level of market penetration will ensure that high-performing homes are listed frequently enough that they are widely recognized by all parties involved in the home sale. At this point, buyers will start actively requesting, and agents will see the value in marketing, high-performing homes — the point at which real market transformation will be achieved.

In addition to a significant inventory, it is crucial that these high-performing homes have a third-party verification — whether a certification, label, or home feature verification — that provides information about the home's high performance and differentiates it from other homes. Without a verification, it is much more difficult for market actors to recognize or promote a high-performing home. A verification will make it stand out and make it more valuable for real estate professionals. An added benefit of a verification is that it helps the agent feel comfortable that the information provided is trustworthy and might therefore protect against claims of greenwashing.

HPH professionals have the opportunity to play a key role in establishing the cycle of market transformation because they can facilitate the creation of an inventory and ensure that the homes in it have a third-party verification.

However, despite a decade or more of supporting the development of high-performing

homes, creating inventories of these homes at this scale still represents a challenge. Home-performance professionals should coordinate to develop strategies for increasing the supply of verified high-performing homes within a market. The greater Chicagoland area has approximately 1,600,000 single-family owner-occupied homes (United States Census Bureau, 2019), so at least 80,000 to 160,000 of these should be high performing to achieve critical mass within the market. Thousands of homes are upgraded with high-performing features each year through the area's utility programs, and thousands more are built to ENERGY STAR® standards. To reach the 5% to 10% threshold, however, strategies need to be developed to ramp up this inventory significantly.

Lack of scale at the levels suggested above does not mean that other actions in the Blueprint should not be taken. However, to the greatest extent possible, roadmaps to achieve this scale within a reasonable time period should be developed by HPH professionals and other clean energy stakeholders within a region.

One tool that can help energy efficiency programs visualize the existing supply of high-performing homes is a “high-performing homes map.” These maps illustrate which markets have significant concentrations of high-performing homes.

The maps are an effective tool for engaging with the real estate industry. They easily communicate the prevalence of high-performing homes in an agent's region and illustrate that, from a business perspective, it makes sense to invest time learning about these homes, what makes them special, and



how to market them. Read about the process that Elevate Energy went through to create a map documenting the penetration of high-performing homes in the Chicago metro area in the case study below and see the process tree for assistance creating a high-performing homes map.

### **Action 2: Make it Public: Get Key High-Performing Home Information to Home Buyers**

As an inventory of HPHs is being created, HPH professionals should work to ensure that home

*continued on page 16*

<sup>5</sup> In 2016, Elevate Energy surveyed 179 Chicago area real estate professionals and asked, “What percentage of the homes in your market would need to be high-performing or energy efficient for you to prioritize learning more about how to buy and sell these homes?” Of those surveyed, 34% reported they would need to see a minimum of 5% to 10% of these homes. This survey will be repeated in 2020, after release of this paper.



## CASE STUDY

## Shining a Spotlight on High-Performing Homes: Creating a Map for Your Market

Energy efficiency programs play a key role in ensuring that local real estate professionals understand the growing inventory of existing high-performing homes. One tool that can help energy efficiency programs accomplish this is a map that illustrates which markets have significant concentrations of third-party verified high-performing homes.

**Background**

A common perception among Chicagoland real estate agents is that there are not a significant number of third-party verified homes, therefore it would not make business sense to invest time in learning about these homes. While the Chicago area is not densely populated with third-party verified homes, there are more available than is perceived.

To engage the local real estate community, Elevate Energy visually told the story of high-performing homes in Chicagoland by creating a high-performing homes map. The map was created to illustrate the penetration of these homes to tell a compelling story about the growth of third-party verified homes in the region.

**Methodology**

Elevate Energy first identified the region it wanted to map (the seven-county Chicagoland area), the timeframe, and the most prevalent certificate programs (LEED, ENERGY STAR®, and Home Performance with ENERGY STAR®). The next step was sorting Chicagoland zip codes into counties. The U.S. Green Building Council

*continued on page 15*

**Identify the target market area (e.g., county, municipality, or state).**

Given that real estate is highly local, we recommend municipality- or county-level areas.

**Identify the verification programs most prevalent in your target market.**

*Note: The real estate community values high-quality, verifiable data. Third-party verifications, like ENERGY STAR® or the HERS Index offer reassurance that the home upgrades were completed to a high standard.*

**Create a visual representation of the inventory** to help tell the story of third-party verified, high performing homes in your area.

*Note: Read about Elevate Energy's process to create a map documenting the penetration of high-performing homes in the Chicago metro area.*

**Aggregate the data on the number of high-performing homes in your target areas.**

*Note: The more verified homes that exist in a market, the more likely real estate agents are to use the certificate, label, or rating when they market the home, the more likely appraisers are to recognize and value it, and the more likely buyers are to ask about it.*

Suggestions for finding the data:

- Contact program administrators
- Check program webpages

**Get the word out:**

Publish this information on your website, distribute a press release, blog/tweet about the numbers. Reach out to your local REALTORS® associations about giving a presentation; supply them with a great graphic and short article for inclusion into monthly newsletters.

**Update the data at regular intervals**

CASE STUDY *continued*

and the local Illinois Home Performance with ENERGY STAR® programs were able to share the number of certificates issued in a given zip code. Using [ENERGY STAR's New Home Locator Map](#), Elevate Energy identified builders in the seven-county region and reported the total homes built in their respective zip codes. While not a perfect solution, Elevate Energy realized that until programs make data more easily available, it is imperative to find workarounds.

### An Engagement and Planning Tool

Elevate Energy uses the map as an engagement tool when reaching out to the real estate community. Elevate Energy can easily communicate the prevalence of these homes in an agent's region and explain that, from a business perspective, it makes sense to invest time learning about these homes, what makes them special, and how to market them. Proper identification and marketing of high-performing homes at the time of sale is crucial, because research consistently demonstrates that when that happens, these homes sell for more money than otherwise comparable homes.

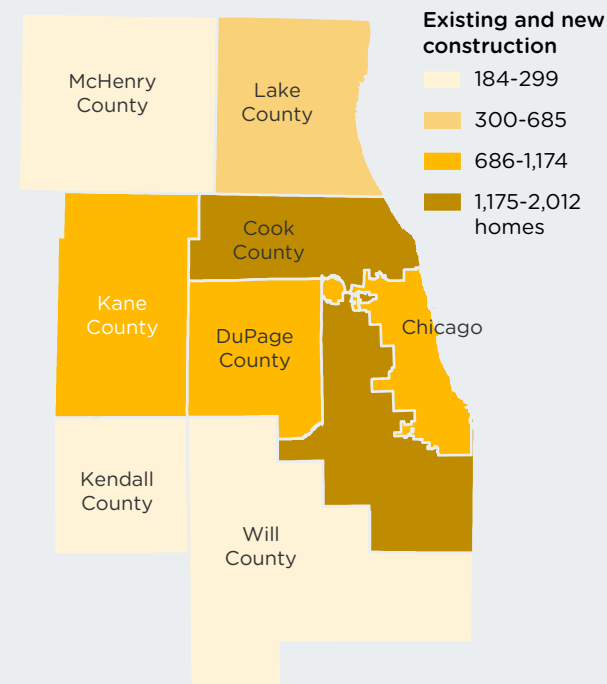
Additionally, Elevate Energy created a detailed outreach plan based on the distribution of the certified homes for approaching the real estate community by reaching out to local REALTORS® associations located in higher density areas.

### Track and communicate inventories of high-performing homes.

Energy efficiency programs play a key role in ensuring local real estate professionals understand the growing inventory of high-performing homes. One tool that can help energy efficiency advocates accomplish this is a high-performing homes map illustrating which markets have significant concentrations of third-party verified high-performing homes.

Knowing where these homes are densely located helps advocates create a detailed outreach plan for approaching the real estate community with a strong business case for paying attention to this growing market.

## Chicagoland high-performing homes



Care was taken in the creation of this map. However, due to the constraints in the reporting process of high performing homes, Elevate Energy makes no claims and no warranties in the reliability or accuracy of the data.

Last updated  
Feb. 2015

*"I previously thought my local market had very few, if any, third-party verified high-performing homes because that information can be extremely difficult to locate. Discovering that the number was much higher than I anticipated was not only inspiring to me, but also reminded me to ask my sellers if their home had a green verification so I could more effectively market their listing."*

*—John Gamble, REALTOR®*



buyers, real estate agents, appraisers, and lenders can find and learn about them during the sales process.

The most effective way to do this is to get HPH data into the local MLS. A local MLS is a database that usually has a simple public-facing web interface for buyers and a more detailed system that real estate agents use to list and search for available properties. It typically operates as the de facto database of record for home listings and sales in a region. The local MLS is used regularly by buyers and agents to search for homes with specific characteristics or features, and by appraisers to easily find comparable properties to develop an accurate appraised value. Although for the past decade buyers often have started their home search with an online portal like Zillow or Realtor.com, getting information into the MLS is still crucial because Zillow and other portals typically receive their data about local listings from the MLS.

The Real Estate Standards Organization's (RESO) Data Dictionary standardizes the names and data formats of hundreds of terms used by MLS systems throughout the U.S., including a large number of terms that agents can use to highlight energy-saving features and third-party verifications. These data fields are defined in the Data Dictionary to ensure that each of the more than 650 MLSs across the country speaks the same language — in much the same way that the Department of Energy's Building Energy Data Exchange Specification does for the energy efficiency industry — by offering a common group of MLS fields that define real estate data in consistent terms and data structures. For professionals interested in learning more about MLSs and green data fields, the Council of Multiple Listing Services published two papers, "Green Data Best Practices" and "Quick Start Guide to MLS Green Fields," both of which are listed

in the References section of the Blueprint. These documents provide information and guidance for MLSs interested in identifying and implementing green data fields.

One of the most important questions in making HPHs visible in the transaction is what data the HPH program should work to make available (e.g., certifications, labels, and/or home feature verifications). Certifications and labels were most common a decade ago, but as the real estate industry has supported the creation of "green" MLS data fields for high-performing home features such as solar panels, high-efficiency heating and cooling equipment, and LED lighting, home feature verifications have become more relevant and provide another way to increase the home's visibility. HPH programs may also consider ways to combine home feature verifications with a certification or label so that market actors can access a range of complementary information about the home.

One of the major benefits of populating the MLS data fields with HPH information is that fields are searchable. Home buyers and real estate agents can look for homes with certain energy efficient verifications or features. Appraisers can easily find comparable properties to develop an accurate appraised value of a high-performing home.

Once a high-performing home program has chosen the data it wants to make visible, it must develop a method for getting the data into the MLS. One of the key lessons learned since this report was originally published in 2013 is that data integrations with MLSs can be extremely challenging. MLSs typically rely on third-party firms to provide software services and are unwilling to incur the time and labor costs involved in a data integration unless there is a large quantity of data available — the type of scale discussed in Action 1 above — and a strong

## Technical Solutions for Auto-Population: Tools for Data Transfer

"Auto-pop" is a term used to describe the process of automatically populating local MLS listings data through a data aggregator's service that collects and packages publicly available data for MLSs, like property taxes and school districts. If there are large quantities of data available, then auto-population is a cost-efficient tool for populating MLS listings (compared to manual data entry by a real estate agent).

Over the last several years, the increased use and availability of home energy certifications and scores, like Home Energy Score™, has enabled opportunities to incorporate large quantities of standard energy-related data into MLSs through technology solutions created by organizations such as Earth Advantage and Northeast Energy Efficiency Partnerships (NEEP), for example.

Earth Advantage's Green Building Registry™ and NEEPs Home Energy Labeling Information eXchange are data aggregators that consolidate data from multiple sources, such as multiple Home Energy Score assessors, and HERS rating organizations into a single portal for periodic or regular transfer to MLSs. When these systems are integrated with the MLS, the system can automatically populate the MLS listing with data that is mapped to the RESO Data Dictionary's standardized fields, the language of MLS systems.





business proposition for them to do so.<sup>6</sup> How should HPH professionals address this problem if a significant inventory of HPH has not yet been created? There are two main options for starting to build an inventory of high-performing homes:

- Offer support for homeowners by providing information to share with their listing agent and to the appraiser, or
- Engage a third party to work with the local multiple listing service.

The first strategy involves providing homeowners with a third-party verification and other supporting documentation that they can give to the listing agent when they decide to sell the home. The agent can then upload the information into the MLS when creating the listing. The same or complementary documentation could also be provided to the potential buyer or buyer's agent to give to the appraiser. While this may not be the best long-term strategy, it could help to create visibility for high-performing homes as a larger inventory is being created.

The second strategy involves the HPH program working with one of several third-party firms that has developed databases for aggregating high-performing documentation, relationships, and integrations with multiple listing services. Organizations such as Earth Advantage, Northeast Energy Efficiency Partnerships, Pearl Certification, and Pivotal Energy Solutions have each developed ways to populate specific local multiple listing services with high-performing home data. These firms act as high-performing home data aggregators, providing a single source of verified energy data, potentially from multiple sources,

for the real estate industry. MLSs typically value the ability to deal with a single, trusted actor with experience in real estate data integration, and because the third-party firms often access high-performing home data from multiple sources, they may be able to create an inventory more rapidly than a stand-alone program.

### Action 3: Support the Accurate Valuation of High-Performing Homes

Providing reliable information to appraisers on a home's high-performing features is important because without it, appraisers are very unlikely to consider any of these features in the appraisal, with the result that the features add no contributory value.

To facilitate provision of information about high-performing homes and home features to appraisers, the Appraisal Institute, a professional association of real estate appraisers, created the Residential Green and Energy Efficiency Addendum (Addendum)<sup>7</sup>. The Addendum is a worksheet that provides fields that allow a home's energy efficiency features, renewable energy systems, and other high-performing features to be documented and provided to the appraiser and the lender in a standardized way. Appraisers can attach the Addendum to the Uniform Residential Appraisal Report (Form 1004) to comply with Uniform Standards of Professional Appraisal Practice when completing a high-performing home assignment.

According to the Appraisal Institute, the Addendum can be completed by anyone who has primary information on the home's high performing features (e.g., contractors,

energy or green raters, solar installers, or the homeowners themselves). A high-performing homes program can complete the Addendum after an upgrade project, and is well-positioned to do so because, in practice, appraisers may hesitate to use the information in an Addendum unless they believe it was provided by a trusted third party.

Getting the appraiser to take the high-performing features into consideration, even if the Addendum is available, can require the home seller or their agent to take action. Guidelines published by Fannie Mae, Freddie Mac, and the Federal Housing Agency require the appraiser to take the energy efficient characteristics of a home into account. Their guidelines also state that an appraiser should have the competence to appraise a particular type of property. This allows the homeowner to request an appraiser with expertise in appraising high-performing homes.

Clean energy programs and high-performing home contractors can prepare the home buyer to notify the lender that they require a qualified or "competent" appraiser by adding a logo, the property address, and contact information to a one-page letter for lenders that is provided in the brochure "Appraised Value and Energy Efficiency: Getting it Right"<sup>8</sup>. This brochure was created by the Building Performance Association, in partnership with the Building Codes Assistance Project, Appraisal Institute, and Building Performance Institute, to provide information to buyers and contractors regarding their right to choose a qualified appraiser for a high-performing home. Appraisers with the competence to appraise a high-performing home have historically been

<sup>6</sup> For an in-depth discussion on populating an MLS with high-performing home data, see [Bringing Home Energy Information to Real Estate: A Toolkit](#), published by the U.S. Department of Energy's Better Buildings program.

<sup>7</sup> [Find the Addendum here on the Appraisal Institute's website.](#)

<sup>8</sup> [Find the "Appraised Value and Energy Efficiency: Getting it Right" brochure here.](#)



rare but are becoming more common. The Appraisal Institute offers a “green” appraiser training and maintains a registry of appraisers<sup>9</sup> who have successfully completed the course. HPH professionals who want to expand the number of appraisers in their market should consider sponsoring one of these courses for appraisers in their market.

Mortgage lenders would also benefit from education about high-performing homes. To date, there are few mortgage lending institutions that have developed a proficiency in understanding, assessing, and underwriting high-performing homes. There are also few training resources explicitly dedicated to training lenders. High-performing home professionals may want to consider addressing this market need and sharing the results of their efforts with peer organizations. A discussion of this subject may be incorporated into future editions of the Blueprint.

## Make High-Performing Homes Exciting

Making high-performing homes visible is important; however, it is not sufficient to create the HPH cycle of market transformation. Technical information about energy efficient or renewable features like heat pumps and solar inverters may be exciting to HPH professionals, but they are much less likely to engage the average home buyer or real estate agent who each has a multitude of competing priorities and interests.

This section of the Blueprint focuses on real estate agents and engaging them so that they are invested in selling high-performing homes in a way that truly sets a cycle of market transformation in motion.

### Action 4: Make the Data Sing: Help Agents Market High-Performing Homes

Getting data about high-performing homes into the multiple listing service is important, but the most important actor for making high-performing homes and home features truly visible in the transaction is the real estate agent.

Agents are unlikely to use data about high-performing homes unless it is presented and packaged in a way that is compelling and helps them achieve their goal: to sell a home quickly or to help a buyer find the home they want.

HPH professionals should not only provide raw data about a home's high-performing features but create materials that will help the agent market these homes. Marketing materials can transform an agent's experience so that instead of resisting the idea of selling high-performing homes, they embrace them because they know that understanding how to showcase the home's high-performing features can help them get a listing or complete a sale.

Marketing materials are important for almost any high-performing home. HPH professionals often consider third-party verifications to be simple methods of communicating information about a home's efficiency. Home buyers, however, may not find this information entirely straightforward. The meaning of a HERS Index of 60 is well-known to energy efficiency experts, but it requires some explaining for consumers. One of the primary roles of HPH professionals should be to help provide information in the form of marketing materials about what a high-performing verification or home feature means to the person living in or considering buying the home. This will make real estate agents much more likely to recommend that a seller get a verification of the home or its features during the sales

*“We’re trying to paint a picture for the buyer about why they want to come in to see this home.”*

*—Mary Jo Santistevan,  
Berkshire Hathaway HomeServices/  
Arizona Properties*

process.

Information about high-performing home features also require marketing materials to be truly agent- and consumer-friendly. Home buyers are interested in specific home features (e.g., flooring, fireplaces, fixtures, cabinetry, and pools). Providing information about specific high-performing features adds to an agent's knowledge of the home; the challenge is to provide the information about high-performing features in a way that is meaningful to a non-expert. Indicating that a furnace is a 92.5 AFUE condensing unit or that a central air conditioner has a SEER rating of 18 will mean little to nothing to the average consumer without information that provides context (LeBaron & Adams, 2018).

In short, listing agents will promote both certifications and specific home features if the information is easy for customers to understand and provides the agent with opportunities to impress buyers with information about aspects of the home they might have never noticed. This information should be presented in a way that does not require the agent to be an expert; ready-to-use marketing materials should speak for themselves. These materials need to help potential buyers understand why this home will provide a better living experience than a similar, non-high-performing home (LeBaron & Adams, 2018).

9 [Access the Appraisal Institute's appraiser registry here.](#)



This is not to say that traditional materials, such as labels or certifications, should be eliminated, but rather that supplemental materials should be included to empower and enable the real estate community to communicate the value of high-performing homes and features.

### Action 5: Build Relationships: Engage and Work with Your Local Real Estate Community

The real estate community is key to ensuring that information about high-performing homes becomes part of the real estate transaction. Agents are the primary conduit of information about a home to consumers. As discussed above, for agents to be enthusiastic about and advocate for including high-performing home information in the real estate listing, HPH professionals must provide information in a relevant and engaging way. This can only happen when these professionals understand the motivations, challenges, and goals of local agents. This information can be gathered through conversations with local agents. It is these discussions, as opposed to presentations, that will make it possible to build strong relationships with the local real estate community.

Agents want to remain relevant to and at the center of the real estate transaction. Those that know how to provide information that clients cannot easily discern on their own will stand out in a crowded field. Although most buyers currently rely on them, agents are concerned about emergent multiple “ibuyer” services that promise consumers an easy, inexpensive, tech-enabled home purchase process. Agents that can

*“Marketing is one area where your real estate agent should shine.”*

*—Bill Gassett, RE/MAX Executive Realty*

## Incorporate high-performing features and verifications into your MLS listings.

A multiple listing service (MLS) has the option to offer a set of standardized green data fields that agents can use to highlight special features and designations that homes have (e.g., an ENERGY STAR® certificate or a high-efficiency HVAC system). The fields

allow buyers and their agents to search for properties with high-performing features and help sellers’ agents and appraisers search for comparable properties for valuation purposes.

### Establish a relationship with your MLS.

Every MLS is different, so it may take some work to find the right people to talk to.

### Use the Council of MLS’ “Green Data Best Practices”, a guide for

MLSs that makes the identification and implementation of green data fields easier. Based on this guide and your research from step three, determine which fields would be most helpful to agents, appraisers, and homeowners in your market.

### Understand that this may be a long process.

MLSs have a procedure for adding new fields and may have other priorities.

### Work with your MLS contacts to learn about the process for incorporating new fields.

*When you meet, ask about the current green data fields that are available to agents. Be prepared to explain the rationale for incorporating new fields (if you think there is gap). Find out what information you can supply to make the argument that adding the fields makes good business sense. Ask the MLS what information it would take to get them to add green data fields and how you can help them gather that information.*

### Determine what high-performing features and third-party verifications are most prevalent in your MLS’s real estate market area.

Suggestions:

- Search out local home performance contractors (including plumbers and HVAC contractors) and ask for the number for retrofits performed in that marketplace.
- Reach out to local energy efficiency program administrators and third-party verification companies and inquire about the number of high-performing homes in the MLSs market area.
- Talk to local real estate agents to see what features they are seeing most often



help a client find a home that will give them a great living experience or sell a high-performing home more quickly and for more money than a typical home will build consumer confidence in their abilities and their clients will likely refer that agent to others in their social network.

It's important to keep in mind that real estate agents are small business owners, competing in an ever-evolving and rapidly changing industry. Agents have different short- and long-term goals, marketing tactics, spheres of influence, and expertise. To make it even more complicated, their goals change as market conditions change.

To effectively work with the real estate community, HPH professionals must invest time to learn about their local real estate agents, what their concerns are, and how they feel high-performing information might affect their business. HPH professionals should start with the "Real Estate Industry Cheat Sheet" (included in this section of the Blueprint) to learn the language of real estate. Next, they should define the boundaries of the "local" real estate market (e.g., by municipality, by county, by an MLS or local REALTOR® association footprint, or by program boundaries). Finally, they should reach out and start a conversation. HPH professionals should consider talking to:

- **Top-earning real estate agents:** These agents are experts in their local real estate market. They are authorities on local listing and sales data, the performance of their competitors, the unique features of their housing market, and real estate services that are in demand. They are also industry leaders that others look up to and follow.
- **Managing brokers:** Managing brokers at brokerages with a large pool of agents will have a handle on the day-to-day

work life of an agent and be savvy about trends in the real estate market. Before offering to talk to the agents at a sales meeting, meet with the managing broker to get their opinion on information that would be helpful to their staff.

- **The masters of marketing:** Good real estate agents are continually working to grow their sphere of influence. These are the agents that send calendars, greeting cards, and mailers. They are active on social media and have up-to-date websites. Since they are looking for compelling content to share with potential and past clients, this group of agents may be most interested in learning about clean and efficient energy programs and their benefits for homeowners.
- **NAR Green Designees:** Real estate agents that have the National Association of REALTORS® Green Designation will be able to share experiences with high-performing homes in their market and explain what information would be the most helpful to learn.
- **REALTOR® association education staff:** The education staff at local REALTOR® associations are experts in knowing what their members are interested in learning about and what information would be helpful to their careers.

Building trust and communication with the local real estate community may be a time-intensive process, but it is the bedrock of an effective working relationship. This connection is most likely to happen when HPH professionals have spent time learning about the real estate industry's motivations, hesitations, and work realities.

### Action 6: Support High-Quality Continuing Education and Designation Training

In conjunction with the outreach efforts

## Marketing 101: Turning Data into Benefits

**Data:** *"R-50 value insulation in the attic combined with air sealing reduced air leakage rate by a minimum of 20%."*

**Benefits:** *"The owners of this home had year-round comfort, indoor air quality, and energy efficiency in mind when they had professionally installed insulation and air sealing added to the attic."*

described above, HPH professionals should identify agents interested in more deeply understanding the benefits of high-performing homes and provide them with the tools to educate themselves on how to build their business with this knowledge.

Due to their role as trusted advisors during the home buying and selling process, real estate professionals have the opportunity to help:

- Buyers fully appreciate the benefits of buying high-performing homes, and
- Sellers market their home's high-performing features and verifications so that the home can potentially sell more quickly and for more money.





The high-performing homes community can support real estate agent education by capitalizing on and supporting high-quality continuing education and designation trainings that cover topics like green data fields, basic building science, and successful marketing techniques for high-performing homes.

Real estate agents are accustomed to learning about and taking continuing education classes through their local associations (or boards) of REALTORS®. In fact, one benefit of belonging to a local association is access to a variety of regularly offered classes for either general education or continuing education credit. As discussed in Action 5, HPH professionals should reach out to the education staff at local associations to better understand their members' education needs and interests. The education staff at local associations of REALTORS® are tasked with offering access to interesting, engaging programming that will help their members stand out from the competition in a crowded field. These associations are a vital resource for reaching real estate professionals as they have the trust of their members and reliable communication channels.

Since real estate agents are small business owners, time spent in a classroom is time away from work, which is why asking agents to attend classes that don't offer continuing education credits may not be an attractive option. Continuing education requirements are different for each state, but there is one similarity: to obtain and maintain a real estate license, real estate professionals must take a minimum number of continuing education hours, typically on a two-year cycle. Hours required and the typical license renewal period can usually be found on the state regulatory



agency's website.

HPH professionals interested in reaching real estate agents should consider working with local associations to defray the costs of offering continuing education courses and trainings. Programs can offer help with marketing, provide physical education space, or assist with tuition grants so that more professionals can attend. Read about the Midwest Energy Efficiency Alliance's success in working with local associations of REALTORS® to offer NAR's Green Designation<sup>10</sup> in the case study in this section and see the process tree for assistance working with local associations.

There are three main routes for reaching real estate agents in the classroom:

- Work with real estate educators that offer classes related to high-performing homes (e.g., building trends, sustainability, building science, or green data fields in the MLS). Talk to them about building in additional related content that could help agents understand high-performing homes and local program options.
- Agents may also seek voluntary coursework for professional development. Several organizations offer designations which typically require several days of coursework and a final test. Designees are usually recognized in a nationally published database (e.g., NAR's Green Designation and EcoBroker<sup>11</sup>).
- If there is a gap in the continuing education class market, programs may want to create

<sup>10</sup> [Learn more about NAR's Green Designation.](#)

<sup>11</sup> [Learn more about EcoBroker.](#)



## THE REAL ESTATE INDUSTRY CHEAT SHEET

Like the energy industry, real estate has its own language. This cheat sheet will help you navigate terms and empower you with the information you need to build meaningful connections.

### Real Estate Professionals

There are 2 million real estate professionals across the country. This group includes multiple variations of licensees, but the most common titles are real estate agents and real estate brokers. To keep it simple, we'll focus on the broad definitions of these two terms.

#### Real Estate Agent

Real estate agents are independent contractors who hang their license at a real estate brokerage and are overseen by a real estate broker. Agents must obtain a license to assist sellers and buyers with their transactions. State laws vary regarding the number of hours and types of education required to take the licensing exam. Real estate agents create the listings on the multiple listing services (MLSs), and use the listing data to help those who are buying or selling a home.

All brokers are agents, but not all agents are brokers.

#### Real Estate Broker

**Key Role of a Broker:** Understand all the state real estate laws and ensure that agents working for them stay in compliance with those laws (for instance, housing

discrimination). An agent who has the required experience level and has completed additional education as required by state law can elect to take a broker's license exam. Brokers can work alone or can hire agents to work for them.

Every real estate agent must belong to a brokerage which is managed by a broker of record. It's the broker of record that ensures its agents are staying in compliance with the law. A brokerage could be one person or have thousands of agents on staff.



### REALTOR®

There are various associations real estate agents can join, but by far the largest trade organization is the National Association of REALTORS® (NAR). The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics. Only real estate professionals who are members of NAR can refer to themselves as REALTORS®.

*continued on page 23*

THE REAL ESTATE INDUSTRY CHEAT SHEET continued

## REALTORS® Associations

### The National Association of REALTORS®

The National Association of REALTORS® with 1.3 million members is the largest trade organization in the United States. Those members include residential and commercial brokers, agents, property managers, appraisers, and others engaged in the real estate industry. NAR's mission is to help its members become more successful. One of its core activities is political advocacy at the national level.

Members of NAR also belong to one or more of approximately 1,200 local associations/boards and 54 state and territory associations of REALTORS®.

### State REALTORS® Associations

Each state REALTORS® association provides its own benefits. But the overall purpose of the state association is to lobby on a state level to advance the real estate profession and protect private property rights. offer products and services such as classroom and online real estate education, industry publications, group benefits, home sales reports and statistical information.

### Local REALTORS® Associations

Membership with a local association usually provides access to professional development opportunities and new industry information. Membership in a local association of REALTORS® automatically extends membership to the state association and national association. To become a member of the National Association of REALTORS®, one must first join a local real estate association.

### Multiple Listing Services Fast Facts

- MLSs are private databases that are created, maintained, and paid for by real estate professionals to streamline data dissemination that will help their clients buy and sell property.
- The core of any MLS service offering is to make available high-quality, objective, verifiable data on homes for sale so that real estate professionals can work to match home buyers and sellers.
- There are over 600 MLSs, whose size ranges from as small as 15 customers to large regional MLSs that have almost 100,000 customers.

### Green Data Fields in the MLS

The Real Estate Standards Organization (RESO) publishes a Data Dictionary that includes common MLS fields. These fields include green data fields that agents can use to highlight special features and designations that homes have (ex: an ENERGY STAR® certificate, high efficiency HVAC system, or the power production of a solar array). RESO reports that 95 of the MLSs that cover the largest one hundred Metropolitan Statistical Areas have green data fields available for their members.

It is optional for an MLS to add green data fields. But if they do have green data fields, MLSs are encouraged to adopt the standardized fields from the RESO Data Dictionary. Consistently and correctly using the fields allows:

- buyers to search for properties with particular green features.
- agents and appraisers to locate comparable properties for valuation purposes.

For more resources, visit [www.elevateenergy.org/value-high-performance-homes-campaign/](http://www.elevateenergy.org/value-high-performance-homes-campaign/)

**1**  
National Association  
of REALTORS®

**54**  
State and Territory  
Associations of  
REALTORS®

**1,200**  
Local Associations  
of REALTORS®



something new. Before getting started, research state course and instructor licensing requirements. Consider that, from start to finish, creating, launching, and having a class certified for continuing education credits can take a minimum of a year. Most importantly, make sure course content is relevant, engaging, and exciting to real estate agents.

Appraiser continuing education requirements are similar, but subject to minimum requirements that are backed by federal law. Under the current minimum criteria, state-certified or licensed appraisers must take at least 14 hours of continuing education every year and 28 hours over a two-year license cycle. Professional associations such as the Appraisal Institute often maintain advanced or more rigorous continuing education regimes. The Appraisal Institute also offers a Valuation of Sustainable Buildings Professional Development Program to support learning in high-performing buildings. Working with a local AI chapter to offer these classes is a great option.

## Demonstrate the Value of High-Performing Homes

# Conclusion

This paper lays a foundation to make high-performing homes and their features visible to consumers, make them exciting, and demonstrate the additional value that these homes can command during the home sale.

High-performing home professionals and the real estate community need to continue to collaborate, both locally and at a national level. A focused effort by and coordination among high-performing home programs will accelerate the reality of an improved real estate transaction for existing high-performing homes.

# References

## Action 7: Quantify the Local Value: Sponsor Appraiser-Designed Studies to Show How Much More High-Performing Homes are Worth

HPH professionals should look for opportunities to advance high-quality, impartial research studies that may help quantify the local contributory value of HPH verifications and features. Appraisers seek studies based on comparable home sales because they provide more credible results for use in the valuation process. Such paired sales market studies done with the involvement of real estate appraisers, appraisal chapters, or REALTOR® associations using MLS data are useful for this purpose.

In contrast to appraiser-designed studies, pricing model studies use large datasets and identify how different environmental attributes affect pricing through statistical analysis. Although a number of such studies have been sponsored by clean energy programs and organizations, they may be less acceptable to appraisers because the statistical methods involved are less closely aligned to their day-to-day work than the methodology used in the paired sales studies.

Since real estate is local, it's important to grow the

Speed is crucial. There are millions of high-performing homes in the U.S. market. The average tenure of homeownership is eight years. Most of these homes have already been on the market and their third-party verifications and high-performing features were not provided by sellers, not seen by buyers, and not accounted for by agents and appraisers. The time is now for high-performing home professionals to collaborate with real estate partners to create an infrastructure that makes high-performing homes visible in the real estate



inventory of appraiser-designed studies across the country. The contributory value of home performance indicators will become normalized as the body of research grows.

transaction.

By implementing the actions described in this Blueprint across the country, high-performing home professionals will ensure that the members of their community benefit broadly; home buyers will value high-performing homes more than they do comparable homes without high-performing features, home builders will create more high-performing homes, and homeowners will improve the performance of their homes through upgrades and improvements.





## CASE STUDY

## Advancing Energy Efficiency in the Prairie State: Real Estate Agent Education

August 2019

The real estate agent is a central figure in the home buying process and represents a connection to the homeowner. Agents provide knowledge and encourage action on energy efficiency as a part of home renovations. Energy efficiency advocates are now understanding the significant opportunity in connecting with the real estate industry and are witnessing the critical link the real estate industry can play in transforming the market. The challenge for advocates is figuring out how to connect with agents in a sustainable and scalable way and to provide the resources they need so that agents feel empowered to act as this critical connection.

Midwest Energy Efficiency Alliance (MEEA), a nonprofit organization based in Illinois advancing energy efficiency in the Midwest came up with the following solution: work with local REALTORS® associations across the state of Illinois to provide low-cost offerings of the National Association of REALTORS® (NAR) Green Designation trainings.

### National Association of REALTORS® Green Designation

NAR created the Green Designation for real estate professionals who want an in-depth training on sustainability issues. Over two days, students learn about energy efficiency in terms that matter to them, such as available incentives for upgrades, which measures can boost selling price. Since instructors can customize the class, MEEA added a section on the value of an



*"I constantly strive to go above and beyond for my clients. What I learned about energy efficiency and resiliency supports me in doing that in a new way."*

*—Apara Leekha, REALTOR®, Green*

Illinois Home Performance with ENERGY STAR® certificate. An added benefit for Green Designees is that graduates are added to an online directory, making it easy for buyers and sellers to find agents with advanced green training.

Since 2017, MEEA has helped offset the costs of offering the Green Designation eight times, working with five local REALTORS® associations. These efforts have resulted in over 100 agents receiving this training at a discounted rate.

### Local REALTORS® Associations

To retain their license, real estate agents must earn a set number of continuing education (CE) credits every two years. Agents typically find CE class offerings through their

local association. The associations are a vital resource to reach real estate professionals as they have trusted access to members and reliable communication channels.

MEEA has built relationships with association education directors to provide high-quality, low-cost content to their members. Association education directors are focused on offering their members access to interesting programming that will help them stand out in a crowded field. The key to a successful training is to ensure that the topic areas covered are taught in a way that resonates with the local real estate agents and speaks to their concerns. MEEA accomplished this by working with an instructor that has a background in energy efficiency, sustainability, and educating real estate agents.

*continued on page 26*

CASE STUDY *continued***Agent Motivation**

Many of the agents who ultimately participated in the training wanted to differentiate themselves from other real estate professionals. On the buyer's agent side, they wanted to help their clients access new financing, consider the total cost of home ownership, and maximize their comfort in their new home. On the seller's agent side, agents wanted their clients to receive fair market value for high-performing features by ensuring they were correctly captured in the multiple listing service and marketed correctly. Many of these professionals wanted to be on the leading edge of the growing energy efficiency trend and to help their clients access the benefits.

**Key Takeaways**

1. Why are real estate agents important allies? They are often trusted sources of information for their clients and can introduce them to energy efficiency programs.
2. How do you build trust with agents? By forming relationships with parties that real estate professionals trust, like REALTORS® associations.
3. Why is working with local REALTORS® associations a key to success? They are vital to reaching real estate professionals because they have access to members, are a trusted source of continuing education classes, and have reliable communication channels to reach their members.
4. Why is learning about high-performance homes attractive to agents? It can help agents differentiate themselves from their peers.

Support real estate agent education by capitalizing on high-quality continuing education and training.

**Learn about the education requirements in your state for real estate professionals.**

Each state has its own set of rules and regulations regarding the licensing of real estate agents.

**Reach out to the education staff at local associations of REALTORS®.**

Ask them about their education goals and their members' interests. Find out if there is information you can provide that would be interesting and helpful to their members.

**Think about creating a new class.**

Make sure to:

- Consult with your local associations of REALTORS®
- Research the local requirements for obtaining continuing education credits
- Create a class that is engaging and informative
- Keep the content local because real estate is local!

**Explore the continuing education class options for real estate professionals that cover sustainability and high-performing homes.**

Contact those instructors and ask about working together to add your content (e.g. local efficiency rebates). Consider funding the cost of the class or sponsor breakfast or lunch. Remember, your presentation may need to be brief (10 to 20 minutes).

Note: Another option is to work with your local REALTORS® association to offer the National Association of REALTORS® Green Designation training. The Midwest Energy Efficiency Alliance has been successfully doing this work in Illinois. Read about their efforts in Case Study 2, *"Advancing Energy Efficiency in the Prairie State."*



Adomatis, S. (2015, September). What is Green Worth? Unveiling High-Performance Home Premiums in Washington, D.C. Retrieved from [https://www.imt.org/wp-content/uploads/2018/02/HighPerformance\\_Home\\_Valuation\\_Report\\_Sept2015.pdf](https://www.imt.org/wp-content/uploads/2018/02/HighPerformance_Home_Valuation_Report_Sept2015.pdf)

Adomatis, S. (2017, October 30). Appraisers Analysis of Pearl National Home Certification ... Retrieved from <http://3cwzd61saynq2nn0vs2b7w1i-wpengine.netdna-ssl.com/wp-content/uploads/2017/11/Valuation-Study-of-Pearl-Certified-Homes.pdf>

Adomatis, S. (2018, January). Study: Green Home Sales Prices in Northern California. Retrieved from [https://www.builditgreen.org/images/BIG\\_Green\\_Home\\_Sales\\_Prices\\_Report\\_FINAL\\_2018.pdf](https://www.builditgreen.org/images/BIG_Green_Home_Sales_Prices_Report_FINAL_2018.pdf)

Appraisal Institute. (2015). The Dictionary of Real Estate Appraisal (Sixth). Chicago, IL: Appraisal Institute.

Appraisal Institute. (2019). Valuation of Sustainable Buildings: Residential Professional Development Program Registry. Retrieved from [https://www.myappraisalinstitute.org/findappraiser/green\\_sustainability\\_residential.aspx](https://www.myappraisalinstitute.org/findappraiser/green_sustainability_residential.aspx)

Benefits. Retrieved from <http://www.energystar.gov/campaign/improvements/benefits>

Council of Multiple Listing Services. (2018). Green Data Best Practices. Retrieved from <https://cdn.ymaws.com/members.councilofmls.org/resource/resmgr/files/resources/gdbp2018.pdf>

Council of Multiple Listing Services. (2018). Quick Start Guide MLS Green Fields. Retrieved from <https://c.ymcdn.com/sites/members.councilofmls.org/resource/resmgr/files/CMLSQuickGreenFields.pdf>

Dittman Tracey, M. (2019, February 21). The High-Priority Home Features for Buyers. REALTOR® Magazine. Retrieved from <https://magazine.realtor/daily-news/2019/02/21/the-high-priority-home-features-for-buyers>

EMPRESS Team. (2018). Home Energy Labeling: A Guide for State and Local Governments. Retrieved from [https://empress.naseo.org/Data/Sites/21/media/documents/finalguidebook\\_draft\\_version10\\_clean.pdf](https://empress.naseo.org/Data/Sites/21/media/documents/finalguidebook_draft_version10_clean.pdf)

Kesik, T. J. (2016, August 4). Building Science Concepts . Retrieved from <https://www.wbdg.org/resources/building-science-concepts>

Kunkle, R., & Lutzenhiser, L. (1998). What Have We



Home Performance Coalition. (2017). Appraised Value and Energy Efficiency: Getting it Right. Retrieved from [http://www.homeperformance.org/sites/default/files/Appraised Value-Retrofit FINAL\\_0.pdf](http://www.homeperformance.org/sites/default/files/Appraised Value-Retrofit FINAL_0.pdf)

Learned from Early Market Transformation Efforts? Retrieved from <https://aceee.org/files/proceedings/1998/data/papers/0716.PDF>

Lebaron, R., & Saul-Rinaldi, K. (2015). A Policymakers Guide to Scaling Home Energy Upgrades. Retrieved from <https://www4.eere.energy>



gov/seeaction/system/files/documents/Residential Policymakers Guide\_093015\_v2.pdf

LeBaron, R., & Adams, C. (2018). It's Not the Data, It's the Marketing: Motivating Real Estate Agents to Sell High-Performing Homes. Retrieved from [https://aceee.org/files/proceedings/2018/node\\_modules/pdftjs-dist-viewer-min/build/minified/web/viewer.html?file=../../assets/attachments/0194\\_0286\\_000108.pdf#search="lebaron"](https://aceee.org/files/proceedings/2018/node_modules/pdftjs-dist-viewer-min/build/minified/web/viewer.html?file=../../assets/attachments/0194_0286_000108.pdf#search=)

National Association of Home Builders. (2019, February 20). What Home Buyers Want in 2019. Retrieved from <http://nahbnow.com/2019/02/what-home-buyers-want-in-2019/>

National Institute of Building Sciences. (2018). Moving Forward: Findings and Recommendations from the Consultative Council. Retrieved from [https://cdn.ymaws.com/www.nibs.org/resource/resmgr/cc/2018\\_cc\\_movingforwardreport.pdf](https://cdn.ymaws.com/www.nibs.org/resource/resmgr/cc/2018_cc_movingforwardreport.pdf)

Norton, R. A., Brown, B. W., Malomo-Paris, K., & Stubblefield-Loucks, E. (2016, September). Non-Energy Benefits of Energy Efficiency and Weatherization Programs in Multifamily Housing: The Clean Power Plan and Policy Implications. Retrieved from <https://www.greenandhealthyhomes.org/wp-content/uploads/ghhi.pdf>

Real Estate Standards Organization. (2018, December 18). RESO Data Dictionary Wiki v1.7. Retrieved from <https://ddwiki.reso.org/display/DDW17>

Russell, C., Baatz, B., Cluett, R., & Amann, J. (2015, December 2). Recognizing the Value of Energy Efficiency's Multiple Benefits. Retrieved from <https://aceee.org/research-report/ie1502>

Suozzo, M. (1996, October 1). What Have We Learned from Early Market Transformation Efforts? Retrieved from <https://aceee.org/research-report/e964>

The Demand Institute. (2014). The Housing Satisfaction Gap: What People Want, but Don't Have. Retrieved from <http://demandinstitute.org/demandwp/wp-content/uploads/2014/12/top-10-housing-desires.pdf>

United States Census Bureau. American FactFinder. Retrieved from [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_17\\_5YR\\_B25127&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_B25127&prodType=table)

Wilson, J., Jacobs, D., Reddy, A., Tohn, E., Cohen, J., & Jacobsohn, E. (2016). Home Rx: The Health Benefits of Home Performance. Retrieved from [https://betterbuildingssolutioncenter.energy.gov/sites/default/files/attachments/Home Rx The Health Benefits of Home Performance - A Review of the Current Evidence.pdf](https://betterbuildingssolutioncenter.energy.gov/sites/default/files/attachments/Home%20Rx%20The%20Health%20Benefits%20of%20Home%20Performance%20-%20A%20Review%20of%20the%20Current%20Evidence.pdf)



