



The 10 Most Powerful Words in List

Session 2 – Day 1
Presented by
Sandra K. Adomatis, SRA, LEED Green Assoc.




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Objectives

- **Identify power words for marketing energy efficient homes**
- **List data and tools that influence the valuation process**



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Part 1.





Words Matter




Let Us Review Some Wording Found in MLS Listings






Charming home in fantastic location! This well maintained home has great space and an Alaska feel. The log and 2x6 construction is super efficient and offers tons of character.

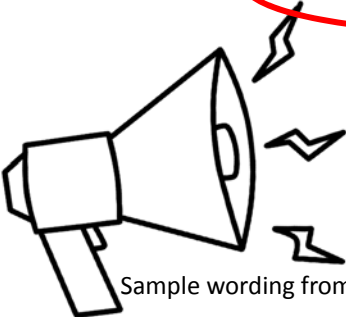
Sample wording from one AK MLS




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A WELL KEPT ENERGY EFFICIENT TOWNHOUSE JUST OUTSIDE OF SHANNON PARK WITH GAS HEAT.



Sample wording from one AK MLS



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Very nice 4 bedroom, 2 bath home with HUGE garage, in town.

8th line down in comment section says "Very efficient home with high efficiency new boiler in 2011."

Sample wording from one AK MLS



Wonderful home in University West with new kitchen, fresh paint, new carpet and laminate. Five star energy rated when built.



Sample wording from one AK MLS





The woodstove is great for those cold winter evenings and keeps heating costs down.



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Sample wording from one AK MLS



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Keeping Costs Down – Really?




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16" INCH WALLS, 6 STAR ***BRAND NEW
QUALITY BUILT HOME, WHAT HEATING BILLS?**



Sample wording from one AK MLS




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**Tired of paying high fuel prices and
looking for an energy efficient, Green-
built home? Look no further than this
one-of-a-kind "Platinum Green Home."
Designed in accordance with the
German ultra-efficient standard "Passiv
Haus."**

Sample wording from one AK MLS



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Who can define the following?

- **Green Built Home**
- **Platinum Green Home**
- **Passiv Haus**



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What does green mean? What are green features?

- Is it certified green?
- Show me the paper trail

Green – sustainable – environmentally friendly



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Green (Sustainable) Defined

The practice of creating structures and using processes that are

- environmentally responsible and
- resource-efficient
- throughout a building's lifecycle from siting to design, construction, operation, maintenance, renovation, and deconstruction.

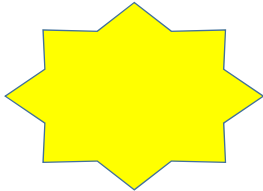



ANOTHER BEAUTIFUL SUPER ENERGY EFFICIENT 6 STAR HOME IN A PRIVATE AREA. TOLD IT QUALIFIES FOR A \$10,000 AHFC LOAN AND A 0 DOWN USDA LOAN. PER SELLER, ABOUT \$250 PER MONTH SHOULD COVER HEAT AND ELECTRIC.




Sample wording from one AK MLS






Stunning custom super insulated zero energy home with mountain and city view. Built in 2010 accordance to the Passive House Standard. No utility bills! Has 5.76 kW PV System with 12,240 watt solar panels with a 6,500 watt grid-tie solar inverter.

Sample wording from one AK MLS



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Energy Efficient

What does it mean?

Energy efficiency is a low-cost way to save money, create jobs and protect the environment.

<https://energy.gov/science-innovation/energy-efficiency>



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How Does Fannie Mae Define an Energy Efficient Property

Energy Efficient Improvements

An energy-efficient property is one that uses resource-effective design, materials, building systems, and site orientation to conserve nonrenewable fuels.

Special energy-saving items must be recognized in the appraisal process and noted on the appraisal report form. For example, when completing the appraisal report (Form 1004), special energy-efficient items are to be addressed in the Improvements section in the Additional features field. The nature of these items and their contribution to value will vary throughout the country because of climactic conditions, differences in utility costs, and overall market reaction to the

Part B, Origination Through Closing
Subpart 4, Underwriting Property
Chapter 1, Appraisal Requirements, Appraisal Report Assessment

December 16, 2014

Page 603

Consider Alaska Housing Inventory

- Nearly 1 in 3 households in Alaska are cost-burdened or some 75,000 homes
- Nearly 20,000 homes use large amounts of energy
- Average size house is 1,881 square feet
- 72% of houses were built between 1960 and 1999
- 33% of housing uses fuel oil
- Statewide average energy cost per house is \$4,681
- Highest costs are \$8,000 annually per house in Doyon Region



10 Most Powerful Words in Advertising


1. You
2. Results
3. Health ←
4. Guarantee
5. Discover
6. Love
7. Proven
8. Safety ←
9. Save ←
10. New

What words are missing?

<https://www.thebalance.com/most-powerful-words-in-advertising-38708>




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How do consumers react to the word “green?”

- Strong association with better health!
- Perceived as expensive!

Source: Ecopulse™ 2015 Special Report by the Shelton Group




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Energy Efficiency Now

“Tired old messaging about savings has lost its potency, if it ever had any to begin with.”

Source: Energypulse™ 2016 Special Report



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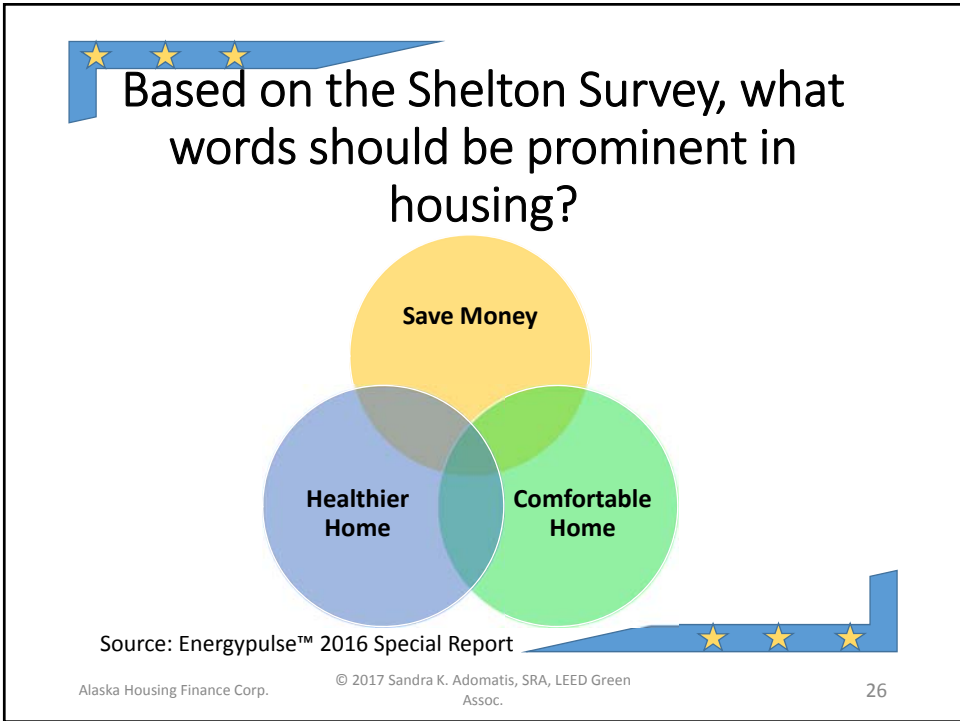
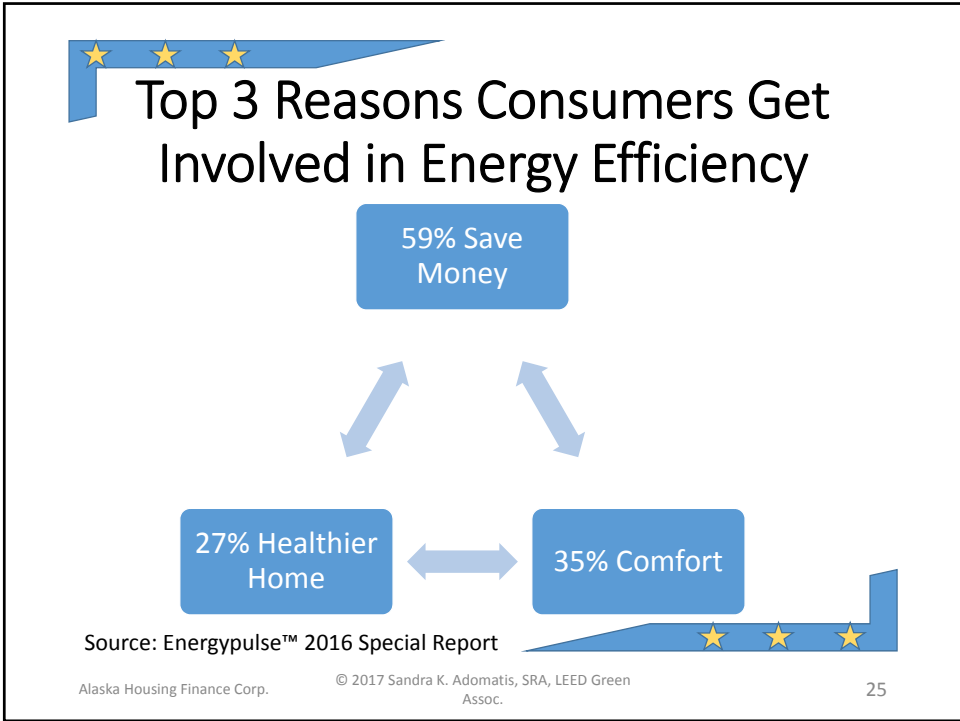
Nationally 2015-2016 number of energy improvements is very low.

“Nearly one in ten Americans claims to have done nothing whatsoever to conserve energy or improve efficiency at home.”

Source: Energypulse™ 2016 Special Report



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Big Barrier to Energy Efficiency



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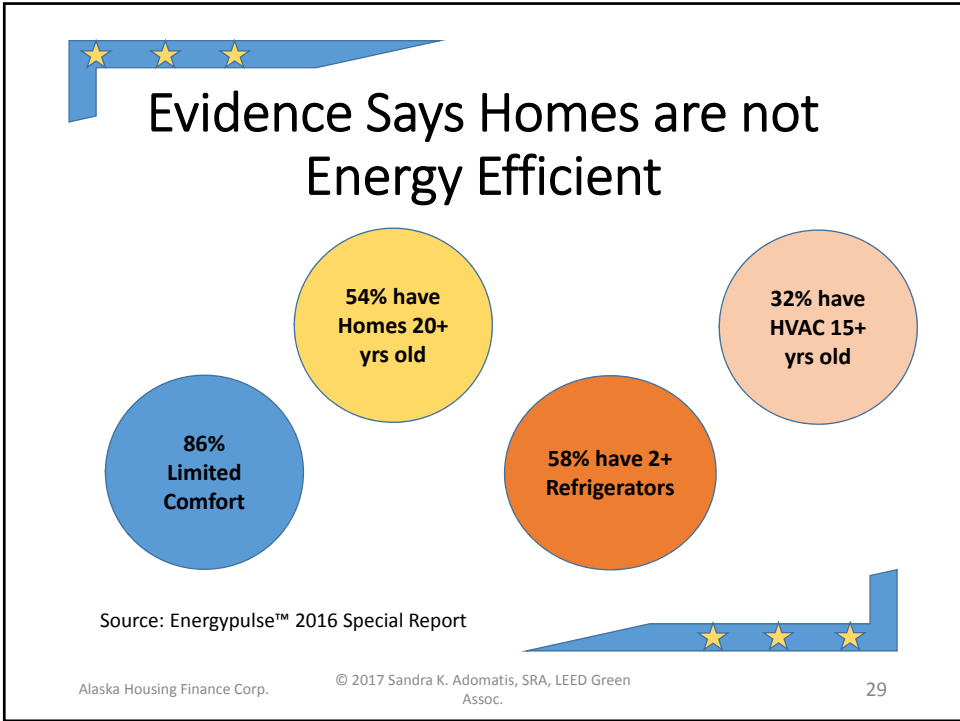
47% of Homeowners Surveyed believe their homes are already energy efficient.

Source: Energypulse™ 2016 Special Report

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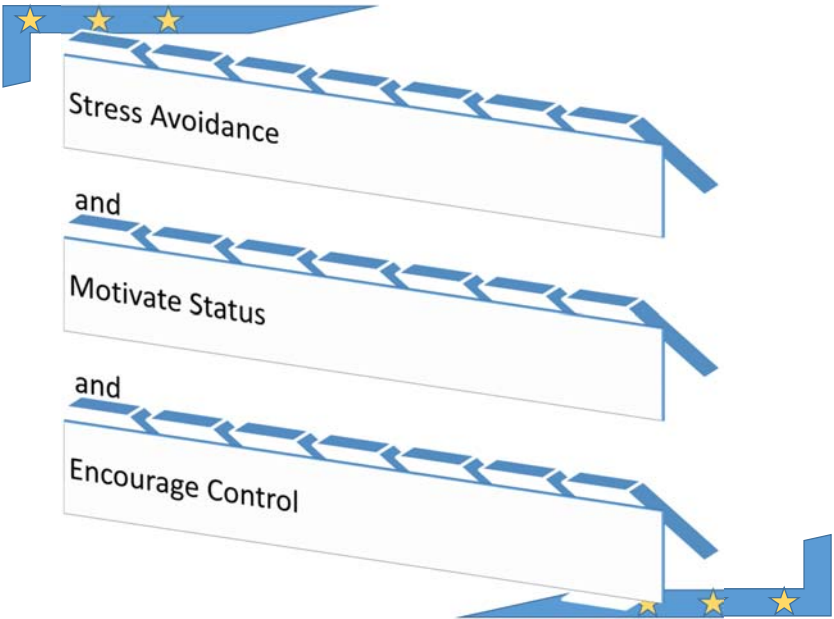
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How Can You Influence Energy Efficiency?

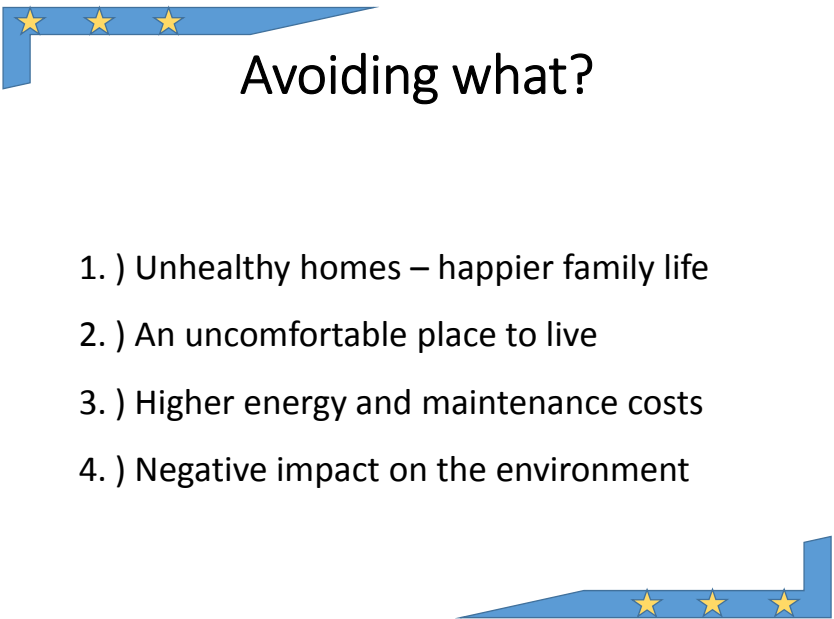
Change the message – inspire homeowners to make changes

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Stress Avoidance
and
Motivate Status
and
Encourage Control

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Avoiding what?

- 1.) Unhealthy homes – happier family life
- 2.) An uncomfortable place to live
- 3.) Higher energy and maintenance costs
- 4.) Negative impact on the environment

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Motivate Status?

1. **Six-Star Home**
2. **A Responsible Life Style – Environmentally Friendly**
3. **A Labeled Home – Green – Passive – Energy Efficient**
4. **Energy Efficiency is a resource!**



Encourage Control!





Innovation In the Media

An air conditioner that anticipates your needs
PAGE 59

Solar panels that eliminate your energy bills
PAGE 76

A door that can sense your approach
PAGE 59

A sprinkler that tracks the weather
PAGE 80



Walls that can weather a hurricane
PAGE 66

A car that can power your house
PAGE 79

A garden that filters your air
PAGE 87



Changes in Our Homes Improve



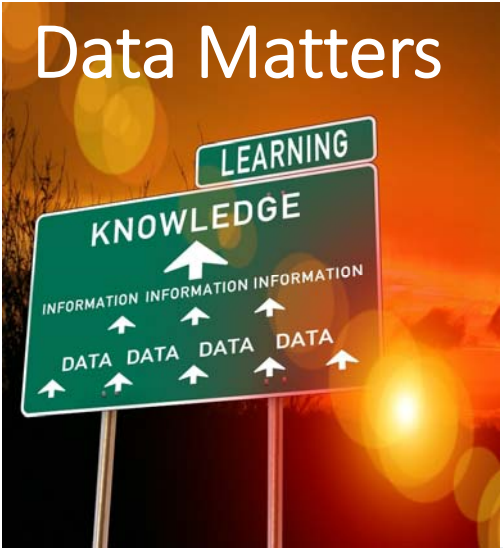
Success Depends on You!



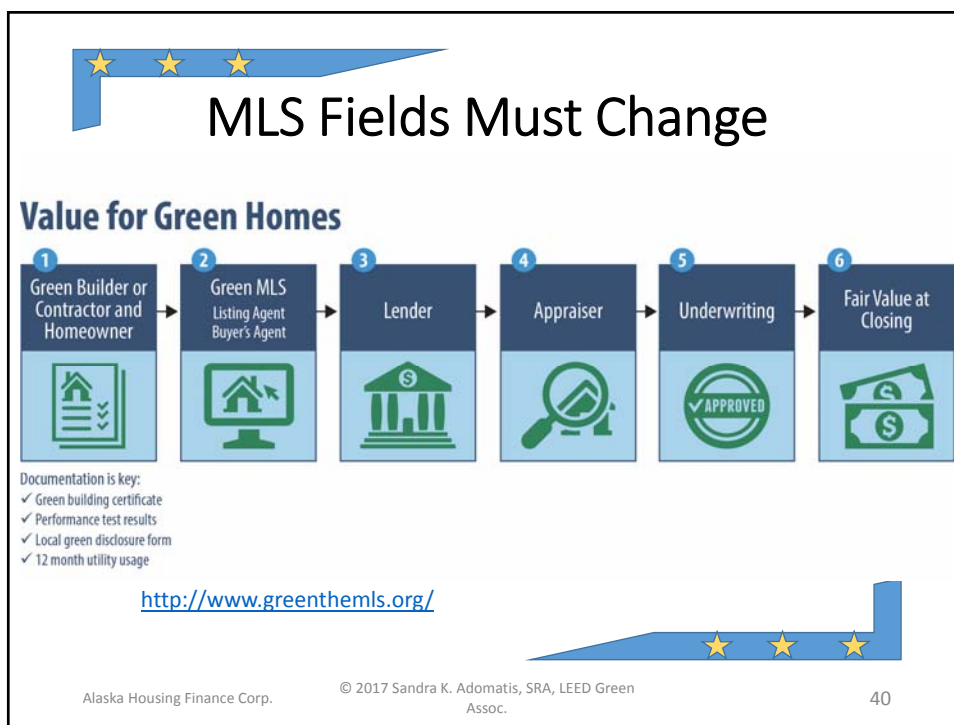
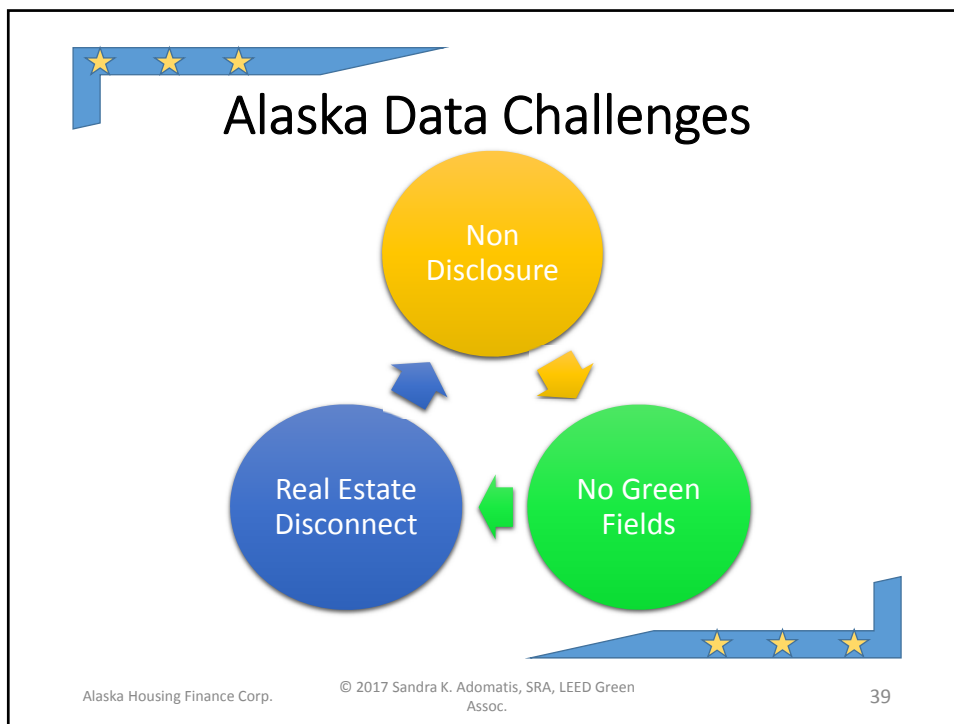
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Part II

Data Matters



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MLS Templates are in place.




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The MLS Guide Represents a Fast Track

- Offers a model that has been proven in other areas
- The green fields are RETS Data Dictionary compliant
- “All real estate is local” – allows for regional practices and data fields to mirror the local market character.
- Provides some responsible rules to assure data entry is accurate




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MLS Rule

- **If a green or energy verification field is check showing one of the following:**
 - LEED Certified
 - ENERGY STAR®
 - NGBS Certified
 - Passive House
 - Six-Star Home

You must upload the certificate.




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MLS – Why Track Supply of Energy Efficient Homes? The Business Case

- **Value added to MLS - derived from your data**

Independent, 3rd party verified energy information helps MLS subscribers (Realtors® & appraisers), find, & more appropriately value energy efficient & green certified properties.



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MLS – Why Track Supply of Energy Efficient Homes? The Business Case

- **Value added** – more information for buyers & downstream brokerage websites, & aggregators like Zillow, Trulia, & Realtor.com.
- **Less risk of liability** - 3rd party verification & certification, based on professional testing & analysis, helps ensure claims of energy efficiency or green construction...



MLS Why Track Supply of Energy Efficient Homes? The Business Case

You should also know...

=IF(Your_MLS="NAR_Board_of_Realtor®_owned", "Your_MLS_has_to_meet_RESO_DD_Green_Field_Standard_by_2018", "Or_else_I_don't_know")

The point being you can help them with this!



MLS – How to Make the Business Case

How

- **To gain entry you must document significant market share (using consistent, standardized methods)**
 - Ratings/Scores & 3rd party verified building certifications
- **Support from MLS subscribers (Realtors® & appraisers), is critical**
- **Explicitly identify for the MLS what you need them to include for “green or energy fields” & corresponding enumerations**



Buyer’s Agents ≠ Listing Agents

Buyer’s Agents Want

- Max purchase value
- Differentiate from Zillow
- Inspect to avoid surprises
- Happy clients!

Listing Agents Want

- Max sales price, fast sale
- No liability for marketing claims
- Avoid negative disclosures
- Happy clients!



Energy Efficient Value to Listing Agents

<p>Listing Agents Want</p> <ul style="list-style-type: none"> • Max sales price, fast sale • No liability for marketing claims • Avoid negative disclosures • Happy clients! 	<p>Energy Efficient Building Offers</p> <ul style="list-style-type: none"> • Features + Benefits = Sale • 3rd Party Verified Performance Claims • Focus on positive differentiators • Market differentiation
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Energy Efficient Value to Buyer's Agents

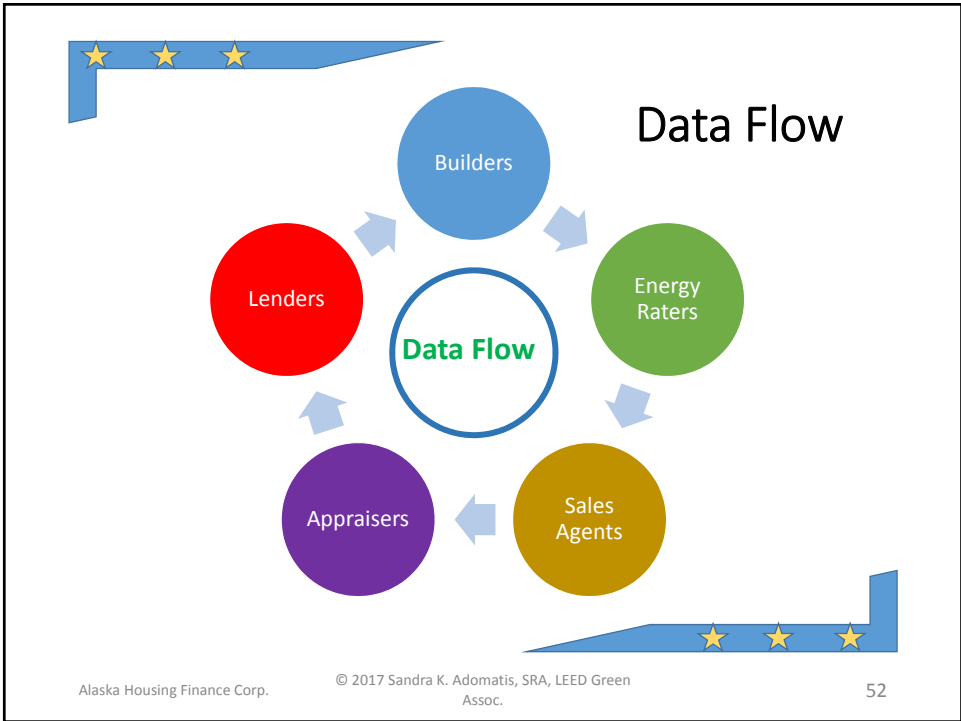
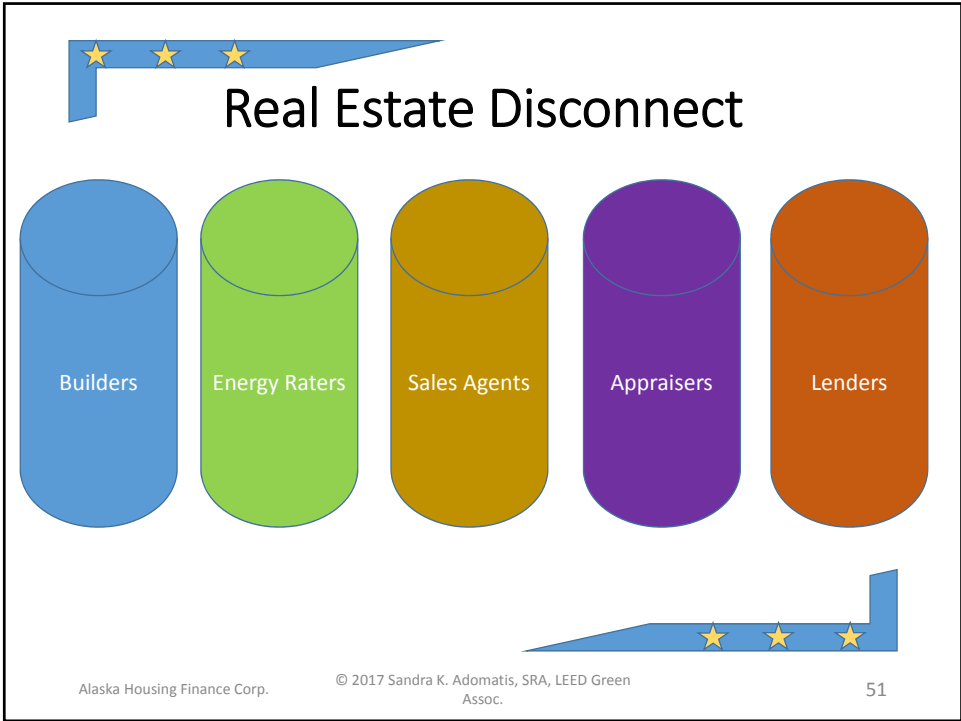
<p>Buyer's Agents Want</p> <ul style="list-style-type: none"> • Find best home client can afford • Inspect to avoid surprises • Differentiate from Zillow • Happy clients! 	<p>Energy Efficient Building Offers</p> <ul style="list-style-type: none"> • Access to financing & incentives • Home improvement solutions • Source of the source! • Reasons to reconnect with past clients
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RESO defines the standards that an MLS uses around data

“Real estate brokers today know that data is also your destiny.”


- RESO Website

“Once you start down the dark path, forever will it dominate your destiny, consume you it will.”

- Yoda



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What is RESO Data Dictionary?

“What is the Data Dictionary? It's Real Estate's *Rosetta Stone*. Hundreds of MLS, and other source providers, gather data. *But what good is it if the data cannot be shared or understood?* The Data Dictionary ensures that each system “speaks” the same language.”

- RESO Website

“GGGWARRRHWWWW.”
- Chewbacca, *A New Hope*

“AAARARRGWWWH.” **“RRRAARRWHHGWWR.”**
- Chewbacca, *Return of the Jedi* - Chewbacca, *The Empire Strikes Back*



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Keys to Success in Moving The Market Forward and the MLSs

1. Identify Champions to Lead the Movement
2. Free training for appraisers, agents, lenders, and public
3. Ongoing support from utility company, lenders, raters, builders, and government
4. Continuing Education Units
5. Strong partnerships with local associations

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2014-2015 Training Results in CA

- **Trained 600+ NAR Green Designation Realtors**


Client referrals to Energy Upgrade California Prior to training

Category	Percentage
Referred Clients	9%
Don't Know	36%
Have Not Referred Any Clients	55%

Client referrals to Energy Upgrade California after training


Category	Percentage
Referred Clients	64%
Don't Know	5%
Have Not Referred Any Clients	32%

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Steps Forward

- **Complete AI Residential Green & Energy Efficient Addendum – attach to MLS**
- **ARIS – Use the data to verify ratings**
- **Energy Efficient Calculator**
- **Implement Green Fields in MLS**
- **Enforce Rules for Uploading Home Certificates**
- **Auto Populate MLS**



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How many appraisers have found MLS data to be inaccurate in describing the house?





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Could the inaccuracies negatively affect the appraised value?





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Raw MLS Data-Appraised Value

	Appraised Property	Sale 1	Sale 2	Sale 3	Sale 4
Sale Date	5/1/2016	3/26/2016	1/02/2016	7/2/2016	6/22/2016
Sale Price	\$250,000	\$235,000	\$225,000	\$252,000	\$240,000
Site Size	12,000 SF	11,240 SF	15,000	17,000 SF	15,000 SF
Room Count	7/3/2.5	7/3/2	+ 2,500	6/3/2.5	5/3/2
Gross Living Area/SF	1,650	1,580	1,525	1,710	1,625
Age	2	4	6	2	5
Energy Rating	Six-Star	Five-Star	Six-Star	Five-Star	Five-Star



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Verified MLS Data-Appraised Value

	Appraised Property	Sale 1	Sale 2	Sale 3	Sale 4
Sale Date	5/1/2016	3/26/2016	1/02/2016	7/2/2016	6/22/2016
Sale Price	\$250,000	\$235,000	\$225,000	\$252,000	\$240,000
Site Size	12,000 SF	11,240 SF	15,000	17,000 SF	15,000 SF
Room Count	7/3/2.5	7/3/2	+ 2,500	6/3/2.5	5/3/2
Gross Living Area/SF	1,650	1,580	1,525	1,710	1,625
Age	2	4	6	2	5
Energy Rating	Six-Star	Four-Star	Three-Star	Six-Star	Five-Star



Do you have a way to verify? How much time does it add to appraisal?





Alaska Home Energy Rating System

Points	Rating	Points	Rating
0-39.9	1 Star	78-82.9	4 Star
40-49.9	1 Star +	83-88.9	4 Star+
50-59.9	2 Star	89-91.9	5 Star
60-67.9	2 Star +	92-94.9	5 Star+
68-72.9	3 Star	95-100+	6 Star
73-77.9	3 Star +		

MLS Field – Energy Rating

Must be searchable in range format:

Five to Six+



MLS Photo Gallery

Input Certificate as a Photograph in the MLS Gallery.



HOME OWNERSHIP LIFE CYCLE

The home ownership lifecycle offers multiple touch points involving purchasing decisions with opportunities to achieve greater comfort, incremental energy savings and value

Cumulative Energy Savings Potential:
30 to 40% over time

https://energy.gov/eere/buildings/home-improvement-catalyst-hi-cat

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Housing Update Certificates

Home Energy Rating Certificate

The Home Located At: 2322 Service Field Circle, Anchorage, Alaska

Overall Efficiency of Home: 84.9 points

ENERG Compliance: Pass

Amount of EOG Produced by the Home: 15,536 pounds per year

Projected Annual Energy Costs: \$2,947 per year

Energy Efficiency Improvement Options

Property: energy efficiency 110 sq ft (approx), Anchorage, AK 99517

Energy Rating: Pass (84.9 points)

Additional Rating Points needed to reach higher ratings:

- 5.1 more points needed to reach 90 - Silver
- 10.7 more points needed to reach 95 - Gold
- 16.2 more points needed to reach 99 - Platinum
- 21.7 more points needed to reach 100 - Perfect

Estimated Energy Savings from this Analysis: Electricity = \$0.1242/kWh, Natural Gas = \$0.75/cf

Improvement Description / Location	Assessed Value	Proposed Value	Priority Ranking	Points Gained	Energy Savings (per year)
Full Insulate 7-11 walls with R-19 Blown-In Cellulose Insulation	\$189	\$4.18	4.5	8 points	\$2,972
Add R-19 Insulation to ceiling and floor joists	\$117	\$3.39	3.5	8 points	\$4,760
Install 100% weatherstripping on exterior doors	\$29	\$4.96	0.7	2 points	\$4,053
Seal and Caulk all exterior air leaks in addition to R-19 Blown-In Cellulose Insulation	\$402	\$3.76	18.2	2 points	\$6,384
Add R-19 Insulation to garage floor	\$35	\$441	0.9	2 points	\$7,036
Add R-19 Blown Cellulose Insulation to attic	\$32	\$430	0.9	2 points	\$6,760
Install R-19 rigid board insulation	\$75	\$5.94	1.3	2 points	\$5,083
Add R-19 Blown Cellulose Insulation to attic	\$35	\$441	0.9	2 points	\$7,036

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Documentation is Important

How will the appraiser or real estate agent know a house has had updates?




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4% of Homes in Alaska are ENERGY STAR®

New Homes Partners in Alaska

<p>Program Indicators in Alaska Compare to other states</p> <ul style="list-style-type: none"> • 11,782 ENERGY STAR certified homes built to date • 67 ENERGY STAR certified homes built 2016 to date • 66 ENERGY STAR certified homes built in 2015 • 0 ENERGY STAR for Homes Partners 	<p>Based on national averages, ENERGY STAR certified homes built in 2015 are the equivalent of:</p> <ul style="list-style-type: none"> • Reducing CO₂ emissions by 112 metric tons • Growing 2,838 tree seedlings for 10 years • Avoiding the consumption of 260 barrels of oil • Removing 23 passenger vehicles from the road
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Challenge - How do you find them?



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Home > Certified New Homes




Builders or Raters were to put stickers in electrical box for homes rated through Energy Star®



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True Story

Homeowner bought new house thinking it was an Energy Star® Home because the plaque was on the front near the entry door. But home was not Energy Star® Certified and homeowner is now in litigation.



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AI Residential Green & E.E. Addendum

- Appraisers
- Builders
- Real Estate Agents
- Energy Raters
- Sellers

The direct link for the fillable PDF "AI Residential Green and Energy Efficient Addendum" is <http://www.appraisalinstitute.org/assets/1/7/Interactive820.04-ResidentialGreenandEnergyEfficientAddendum.pdf>

2015 Copyright Adomatis Appraisal Service

AI Res. Green & E.E. Addendum Benefits...

- Notice to lender and/or AMC that appraiser with competency is required
- Notice to Appraiser that the house has special features requiring competency and special documentation
- Supplements the 1004 Appraisal Report Form that does not address these features

2015 Copyright Adomatis Appraisal Service



AI Res. Green & E.E. Addendum Benefits...

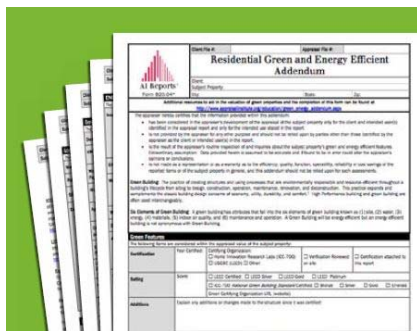
- Provides Appraiser with an inspection sheet and key to identifying “comparable sales”
- Assists real estate agents in identifying the special features of the house and becomes a brag sheet for the seller
- Assists the buyer in their decision-making



2015 Copyright Adomatis Appraisal Service



Attach AI Res. Green & E.E. Addendum to MLS



Motivate Homeowners
Status
Bragg Sheet



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State Government

Alaska is one of the few states to require the release of residential building energy data at the time of sale.

Building Energy Disclosure

- Building type(s) affected: residential

Alaska statute AS.34.70.101 requires the release of utility data for residential buildings at the time of sale.

Last Updated: July 2016

Source: <http://database.aceee.org/state/alaska>



Is the disclosure form attached to all your MLS listings?



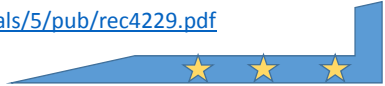


Alaska Res. Real Property Transfer Disclosure statement

➤ **Average Annual Utility Costs:**

Gas	\$		Company/Source:	
Electric	\$		Company/Source:	
Oil	\$	/Gallons:	Company/Source:	
Propane	\$		Company/Source:	
Wood	\$		Company/Source:	
Coal	\$		Company/Source:	
Water	\$		Company/Source:	
Sewer	\$		Company/Source:	
Refuse	\$		Company/Source:	
Other	\$		Company/Source:	

<https://www.commerce.alaska.gov/web/portals/5/pub/rec4229.pdf>



What does the energy costs tell you about the house?





Alaska Energy Disclosure


AS 34.70.020 provides that if a disclosure statement or material amendment is delivered to the transferee after the transferee has made a written offer, the transferee may terminate the offer by delivering a written notice of termination to the transferor or the transferor's licensee within three days after the disclosure statement or amendment is delivered in person or within six days after the disclosure statement or amendment is delivered by deposit in the mail.

<https://www.commerce.alaska.gov/web/portals/5/pub/rec4229.pdf>



How is the energy use data useful?





Session Take-A-Ways


Energy Efficiency Message Must Change

Data must be accessible!


Real Estate Professionals must work together!

Energy Use Disclosure at time of sale is law.


MLS must implement green fields.



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Time for Evaluations




Speaker: Sandra K. Adomatis

Session 2: Alaska Housing The 10 Most Powerful Words in Listing, Selling, and Valuation

Follow me on Twitter!

<https://twitter.com/sadomatis>



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Next Session:
Data that Sells Real Estate and
Influences Appraisals

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