

DOCKETED

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C.A.R. Comment Letter On Existing Building Energy Efficiency Action Plan: DRAFT

Additional submitted attachment is included below.



CALIFORNIA ASSOCIATION OF REALTORS®

April 17, 2015

California Energy Commission
Dockets Office MS-4
RE: Docket No. 15-IEPR-05
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Existing Building Energy Efficiency Action Plan: DRAFT – Released March 2015

Dear Commissioner McAllister:

Thank you for the opportunity to provide comments on the Existing Building Energy Efficiency Action Plan: Draft (Plan). The CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) seeks to continue to be a valuable contributor in the development of regulations and policies related to improving energy efficiency in the existing building stock.

C.A.R. supports market based strategies for implementation and voluntary adoption of energy efficiency ratings, audits and upgrades by building owners. We are very encouraged that the Plan seeks to exhaust all market based solutions for energy efficiency improvements prior to seeking mandatory strategies for compliance. C.A.R. also supports the suggestion that all mandatory approaches first be considered by the state legislature.

C.A.R. looks forward to collaborating with the Commission, its staff and other key stakeholders to develop a comprehensive statewide program to improve energy efficiency in all California homes.

Set out below are key concerns and policy development strategies that we believe must be considered when developing the Commission's Final Action Plan.

MANDATING AUDITS/RETROFITS UPON RESALE FAILS TO MEET THE STATES GOALS.

While C.A.R. supports voluntary, systematic and market-based programs to encourage energy efficiency improvements and audits in the existing housing stock, C.A.R. adamantly opposes any proposal that would require the completion of energy audits and/or retrofits as a condition of completing the sale. Time-of-sale strategies are doomed to fail and will not achieve timely and comprehensive results. Before the Great Recession (2001-2006) housing turned over (or was sold) on average every 16 years. Today, according to our Research and Economics Department, housing turnover now occurs every 22.2 years due to a lack of credit availability and continued instability in the housing market.

MULTIPLE LISTING SERVICES: NOT EQUIPPED TO PROVIDE DISCLOSURES.

The Plan suggests that Multiple Listing Services (MLSs) must accept and incorporate energy efficiency asset ratings by 2018. The suggestion misunderstands the nature of the MLS. As a matter of general information, California MLSs are private proprietary systems governed by rules adopted by the National, State and Local Associations of REALTORS®. MLSs are NOT publicly owned databases, but are a proprietary business tool, owned and operated by local REALTOR® associations. Data contained within an MLS is reserved solely for the purpose of selling property, and they are not designed to provide energy (or any other) disclosure information. MLSs do have the ability to adapt to regional market trends and incorporate information of interest to purchasers, like "green" components.



REALTOR® is a federally registered collective membership mark which identifies a real estate professional who is a Member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics



From the MLS perspective, it is vital that any input of energy rankings and/or commentary regarding upgrade measures completed in the home by listing agents be voluntary and user friendly. Neither sellers of real property, nor REALTORS® are energy experts and cannot be expected to know technical energy information, let alone represent it "correctly" in the

MLS. There are always legal liability concerns triggered by representations made on the MLS, and C.A.R. would oppose any attempt to take over control of MLS information or to impose requirements that would put our members at an increased risk of liability. We also caution against asking sellers and REALTORS® to provide technical energy details in the MLS. If the fields are misunderstood and answered incorrectly, either by sellers, our members or by third party verification, it would potentially subject sellers and our members to litigation if the equipment does not perform as advertised in the MLS.

Of course, this is not to say that sellers and their agents do not disclose material facts regarding the property, once in the sellers' possession a material fact must be disclosed.

HOME INSPECTORS SHOULD BE THE CONDUIT FOR ENERGY EDUCATION, NOT REALTORS®.

REALTORS® provide buyers and sellers with a great deal of information related to the buy/sell transaction. They are not, however, experts on energy efficiency rebates and financing. REALTORS® currently provide a HERS booklet in every real estate transaction in an effort to assist with consumer education. If the Commission desires to have additional educational information provided to buyers/sellers of real property, there will need to be a single universal source available for REALTORS® that directs consumers to a source for all relevant information on energy efficiency financing and rebate options. That source exists in the HERS Booklet, whose content is controlled by the Commission.

Making REALTORS® the conduit for energy education in an effort to increase consumer demand overlooks the value of a Home Inspector. Home Inspectors conduct visual inspections of the structure and components of a home to identify items that are not performing correctly or items that are unsafe. As it is often the Home Inspector who educates consumers on the operations of a home, it only makes sense for the Home Inspector to also educate consumers on the energy efficiency features of the home, as well as to provide the resources necessary to inform consumers on how to better conserve through behavior. In fact, existing law already provides a framework for such an energy efficiency disclosure in Business and Professions Code Section 7195(A)2.

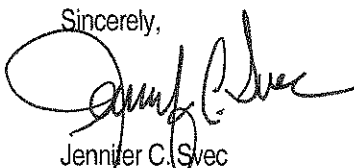
PROTECT HOME VALUES BY ASSURING PROPERTIES ARE NOT OVER LEVERAGED WITH FINANCED OBLIGATIONS.

According to a recent Legislative Analyst Office (LAO) Report (California's High Housing Costs: Causes and Consequences, released on March 17, 2015) "Housing is more expensive in California than just about anywhere else." "As of early-2015, the typical California home cost \$437,000, more than double the typical U.S. home (\$179,000)."

Following the initial purchase of a home, financing efficiency audits and improvements is one of the most difficult hurdles for homeowners to overcome and the biggest barrier to market acceptance. It is imperative that we protect property owners from negative equity and diminished values. When evaluating energy efficiency improvements and financing mechanisms we must take care to not overleverage properties. Encouraging, or requiring, loans that exceed the value of the property would only serve to further impede an already struggling housing market. Furthermore, including energy efficiency features and savings in the calculation of a buyers debt-to-income ratio by 2020 may or may not yield the Commission's expected result when the calculation includes the additional debt incurred by added features that are financed or leased over 15 or 20 years (i.e. Solar Leases and PACE assessments).

The CALIFORNIA ASSOCIATION OF REALTORS® looks forward to an ongoing collaboration with the California Energy Commission, its staff and all interested parties in the development of meaningful policy that will create cost effective strategies for improving energy efficiency in ALL California homes.

Sincerely,



Jennifer C. Svec
Legislative Advocate
California Association of REALTORS®