

Appraisal, Value and “Greening” the MLS

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Residential Energy Efficiency Working Group
(REEWG)
Appraisal Committee – MLS Improvement
Recommendations

Bank of America 

Who is the REEWG – Appraisal Committee Group?

Residential Energy Efficiency Working Group (REEWG)
Appraisal Committee – MLS Improvement Recommendations

- The Appraisal Committee, an open and voluntary group, has worked with key stakeholders in developing recommended searchable fields for integration into Colorado’s Multiple Listing Service’s (MLS); this list will ensure uniformity throughout the state when it comes to “greening” our regional MLS’s.
- Comprised of Real Estate Agents, Appraisers, Lenders, members of the Construction and Energy Efficiency Industries, and both IRES and Metrolist—Colorado’s two largest MLS bodies—the committee has identified key attributes that will provide quantifiable added-value for real estate professionals, the homebuyer, and for appraisers that are valuating energy efficient / “green” homes

Who is the REEWG – Appraisal Committee Group?

- By adding these as searchable fields, Colorado's MLS's will provide the industry with the needed energy and "green" data through home sales listings; a key component of quantifying market value, and identifying comparison data for the appraisal and lending industries.
- The recommended searchable fields are split into two categories, "Certifications" and "Features."
- There is also a recommended addendum that will allow sellers to showcase additional common features of an energy-efficient / "green" home that may not provide direct added-value to the home, and are therefore not searchable.
- However, we have included the existence of the addendum as a searchable field to allow buyers and sellers to easily differentiate energy-efficient / "green" homes.

How do we integrate "green" home features into the MLS and to what end?

- By gathering this data it will eventually allow appraisers to determine if certain features or certifications add additional value to the home.
 1. Identify the "green" attributes of a home to be added as searchable fields in the MLS.
 2. Distinguish between "green" features of a home and actual certifications.
 3. Appraisers to determine if any of these features or certifications add value to the homes.
 4. Lenders/underwriters will still need to be convinced that the added value is there. Even if appraisers do find added value the lenders/underwriters who ordered the appraisal must also come to believe the added value is there.

Outreach Strategy to the Real Estate Community

- The outreach strategy is intended provide an initial plan, resources and tools to engage these specific groups:
 - ❖ **MLS bodies/providers****
 - ❖ **Homebuilders**
 - ❖ **Partners (BGBG, ESNH, USGBC, Xcel, EcoBroker)**
 - ❖ **Real estate professionals**
 - ❖ **Appraisers**

**** MLS bodies/providers will be engaged through local networks and other MLS providers (such as IRES and Metrolist). The Appraisal Committee will draft announcement language for distribution through various email lists to other MLS providers across the state.**

Getting the Information Out and Training the Real Estate Community

- Homebuilders will be engaged through their local Home Builder Associations (HBA's) and the Colorado Association of Home Builders (CAHB). The Appraisal Committee will contact local HBA's and will provide information for email distribution to its members. Identifying opportunities for trainings (such as ENERGY STAR for New Homes trainings) and industry events to be utilized for promoting MLS improvements will also be a focus.
- Encourage homebuilders, through various websites, (such as Recharge Colorado, ENERGY STAR New Homes, Xcel Energy) to contact their real estate professional and list a new home using the improved MLS.
- Real estate professionals will be engaged through various training ESNH opportunities. Other opportunities will include the Colorado Association of Realtors (CAR) convention in the form of sponsorship, and Ecobroker trainings. The Appraisal Committee will engage local Realtor boards to convey the message on MLS improvements. Also, webinar trainings (detailed below) will further this outreach component.
- Appraisers will be engaged through various training ESNH opportunities. The Appraisal Committee will engage local Realtor boards to convey the message on MLS improvements. Also, webinar trainings (detailed below) will further this outreach component working with the Appraisal Institute and other local appraisal organizations.

Training, Education and Knowledge

The webinar trainings in particular will target both real estate professionals and appraisers. Pertaining directly to the MLS improvements, trainings will focus on the following:

1. Understanding energy / green field improvements made to the MLS delivered to real estate professionals of various providers who partner on the initiative; to cover
 - a) definitions of fields
 - b) how to properly gather and enter data
 - c) how to utilize the energy / green features addendum
2. Searching the new MLS for real estate professionals and Searching the new MLS for appraisers

• **SAMPLE TRAINING OUTLINE:**

- I. Why do we need this in our MLS?
 - A. Consumer service
 - B. Valuation data
 - C. Full and accurate representation (liability reduction)
- II. What is a "green" house, anyway?
 - A. Definitions
 - B. Characteristics
 - C. Examples
- III. How can the seller or buyer or agent know?
 - A. Third party certifications
 - B. Hire an expert
- IV. The best-known certifications in Colorado
 - A. HERS Rating
 - B. Energy Star® Qualified new home
 - C. LEED for Homes
 - D. NAHB/IGBS-ICC 700
 - E. Other certifications
- V. Features in fields and Features to highlight in text
- VI. Resources

Other trainings will focus on providing tools to real estate professionals to equip them at the point of sale with valuable information on financial opportunities for their clients to make improvements to the home they are buying or selling. BGBG, Ecobroker, the National Association of State Energy Officials (NASEO) and the Governor's Energy Office (GEO) are currently partnering on developing and delivering such trainings.

The age old question of what comes first.....

The "Green/Sustainable/Energy Efficient Chicken.....or the Golden Egg??"



OR



"Retrofit"

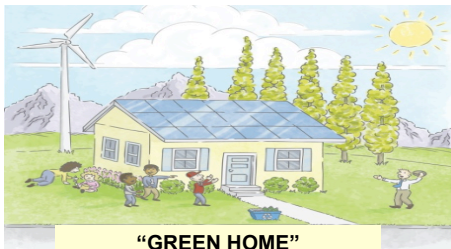
The Green/Sustainable/Energy Efficient Chicken

Well intentioned Green/Sustainable/Energy Efficient contractor/builder/real estate agent



This is the million dollar question.....

This is the story of a very green home.....



"GREEN HOME"

Retrofit /New Construction home ready for sale!!



Knowledgeable Green Real Estate Agent list on MLS . The MLS must have Green Data Points!



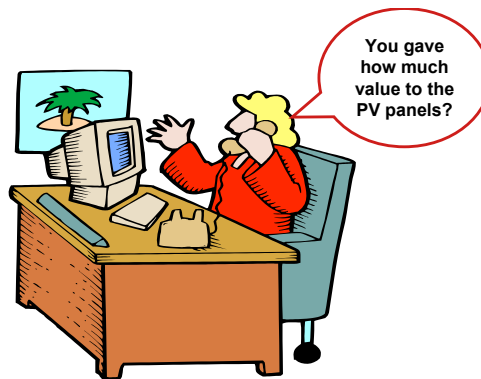
Knowledgeable Green Buyer Broker Real Estate agent finds a buyer who says "I want to buy a green house" – now the green home is under contract



Buyer makes application with lender for a green loan. Appraisal is ordered for the green home.



Appraiser inspects the green home for green features & certifications – uses MLS to compare to other homes



Lender/underwriter reviews appraisal



Lender/underwriter approves the loan!!



Green Retrofit/New Construction home is sold!!

And they lived sustainably happily ever after.....



Green/sustainably/energy efficient green fairy