



ALERT:

Point of Sale Mandate for Home Energy Audit Pending in Stockton

Background

In September 2008 the Stockton City Council entered into a settlement agreement with the Sierra Club and the California Attorney General in order to avoid litigation regarding reduction of Greenhouse Gas (GHG) Emissions. The Council then appointed a Climate Action Plan Advisory Committee to develop recommendations. One of the six proposed elements includes a mandate for a home energy audit AT THE TIME OF SALE.

REALTOR® Position and Concerns

We believe energy efficiency of residential buildings can make a significant contribution to GHG reduction targets being sought by the City Council and the Climate Action Plan Advisory Committee. An energy audit is an important step. However, WE DO NOT SUPPORT A POINT OF SALE MANDATE AS THE TRIGGER FOR AN ENERGY AUDIT. Here's why:

1. Point of Sale mandates add complexity and expense to a time-sensitive transaction that is already expensive and complex.
2. It puts the REALTOR® in the role of government regulator and opens the REALTOR® to additional legal liabilities.
3. It is ineffective. A 2008 study by the California Association of REALTORS® projected it would take 42 years for a statewide point-of-sale mandate to penetrate only 51% of the state's homes.
4. The importance of reducing GHG emissions deserves a more purposeful approach that will yield the greatest net effect.
5. Establishing a date certain for compliance is fair, balanced and effective.

The Plan & Timeline

Leaders of both the Central Valley and Lodi Associations of REALTORS® are meeting individually with members of the city council to discuss our concerns and ask for their support. This issue has been put on the agenda for July 27.

What You Can Do

1. Become knowledgeable about the issue. Several background documents have been posted on Facebook.
2. Be Ready to Contact members of the City Council when requested.
3. Hold July 27 to attend the city council meeting. Success could well be determined by the show of strength at the meeting.

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Relevant Text of Proposed Ordinance:

E. All existing single-family detached homes at time of sale shall have an “Audit” as outlined by the California Energy Commission (CEC) Home Energy Rating System (HERS) and performed by a CEC certified Home Energy Auditor. Homes permitted after the Energy Efficiency Standards in effect on November 1, 2002 are exempt. Audits must be completed within 180 days prior to close of escrow and the Audit report must be made available to the home buyer at least three days prior to close of escrow. (This provision shall become effective 30 days after the adoption of the HERS rulemaking by the California Energy Commission and approval of certified Audit software.)

Other Facts to Consider

- The residential sector consumes roughly 34% of California’s electricity.
- Since 1980 residential energy consumption has been flat. This trend is attributable to increasingly effective building codes since 1983 and other factors.
- Fewer than 2% of all homes (not just those targeted by the proposed ordinance) change ownership in a given year - even in a robust market!

These three facts combined virtually assure that a point of sale energy audit mandate for residential properties will be a failure and will not yield the desired improvement in residential energy efficiencies.

- According to a May 2010 Working Paper published by the National Bureau of Economic Research¹, housing built in the 1960s through the early 1980s are energy inefficient relative to homes built before 1960 and after 1983. Data from the California Energy Commission also states that older residential properties are less energy efficient.
- According to the Stockton 2010 General Plan there are approximately 33,000 housing units constructed between 1960 and 1983.

Establishing a date certain mandate, perhaps limited by construction date, and coupled with a collaborative outreach program to these homeowners to provide them additional information related to federal, state, and local resources to finance energy-efficient improvements for their homes would not only achieve an increased number of energy audits it would almost certainly yield greater net reductions of GHG emissions.

¹ *Why Has California’s Residential Electricity Consumption Been So Flat Since the 1980’s? A Microeconomic Approach*, Dora L. Costa and Matthew E. Kahn