

# ACEEE

## Greening the Mortgage Process



Michelle Winters  
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Working Together for Strong Communities

  
NeighborWorks®  
AMERICA

# NeighborWorks America

## Working Together for Strong Communities



**NeighborWorks Network**

Working Together for Strong Communities



# NeighborWorks Organization Homeownership Services



## Pre-Purchase

- Home buying seminars
- Financial fitness and asset building
- Home inspections and cost estimates
- Lending and mortgage assistance (1<sup>st</sup> and 2<sup>nd</sup> mortgages)
- Property insurance counseling

## Post-Purchase

- Energy efficiency programs: assessment, rehab, lending
- Training for resident leaders
- Delinquency-prevention counseling
- Contractor referrals and construction monitoring
- Home-maintenance workshops
- Foreclosure intervention

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# NHS of New Haven Home Improvement and Energy Conservation Laboratory



- LEED Platinum demonstration and training facility
- Hands-on training opportunities for buyers and owners

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- NHS of Kansas City with City/DOE \$ and Metropolitan Energy Center
- Free home analysis for qualified low-income households
- Rebates to reduce need for financing
- Revolving Loan Fund: \$15k with 0-3% interest up to 15 years
- Interest Rate Subsidy: 0% for first 12 months if using private lender



- NeighborWorks of Western Vermont with DOE Better Buildings \$ and Efficiency Vermont
- One-stop shop for energy upgrades
- Neighbor-to-neighbor outreach (e.g. phone-a-thons) key to demand
- Oversight of pre-approved contractors
- Loan max \$15k for 10 years
- 200 upgrades in first 6 months

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# NeighborWorks Green Homeownership Training Opportunities

*HO 290 and HO290el*

## Being Green, Seeing Green: Counseling Clients to Maximize Energy Savings

- Geared toward homeownership counselors working with low- and moderate-income homebuyers and owners
- Energy use and benefits of upfront investments in energy improvements
- What is an energy audit and how to select an auditor
- Financing options including energy-efficient mortgages
- New E-learning version available

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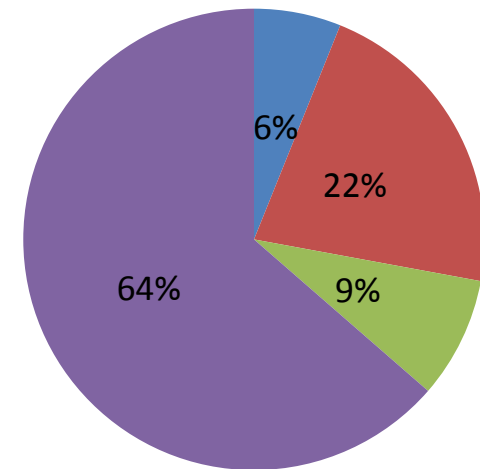


# Typical Home Buyer

- Overwhelmed by the home buying (or renovating) process
  - Almost 40% of buyers reported the mortgage application and approval process was more difficult than expected.
- Interested in minimizing costs
  - However...heating and cooling costs were at least somewhat important to 87% and commuting costs were considered at least somewhat important by 73%
- Looking at existing homes
  - New home purchases were only 16 percent of total
  - Typical home purchased was 1,900 sq ft, built in 1993
- Learns in many ways
  - Trusted advisors, friends/family vs. the internet

Data Source: NAR 2011 Profile of Home Buyers and Sellers

## Share of Market



- Forest Greens
- Greenback Greens
- Healthy Greens
- Others

Source: Robert Charles Lesser Company 2008

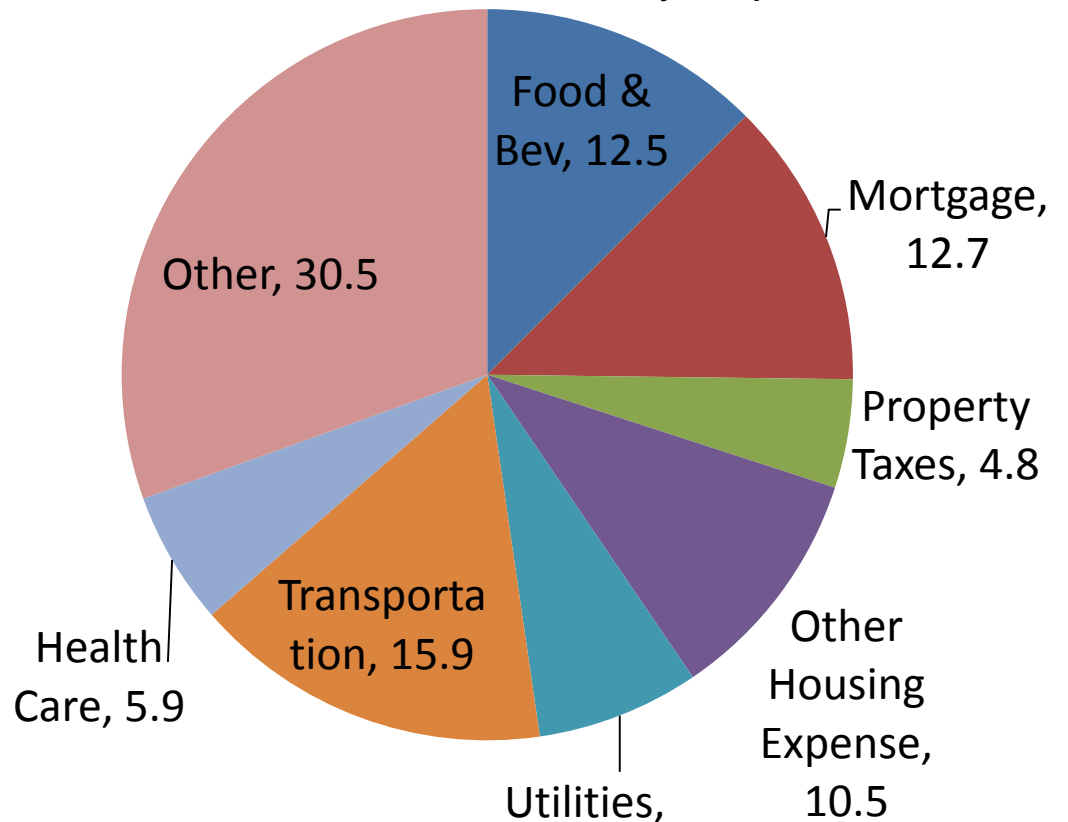
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# Counseling Potential Buyers

1. Budgeting and managing money
2. Understanding credit
3. Obtaining a mortgage
4. Shopping for a home
5. Protecting investment, maintaining the home

Share of Homeowners' Monthly Expenditures



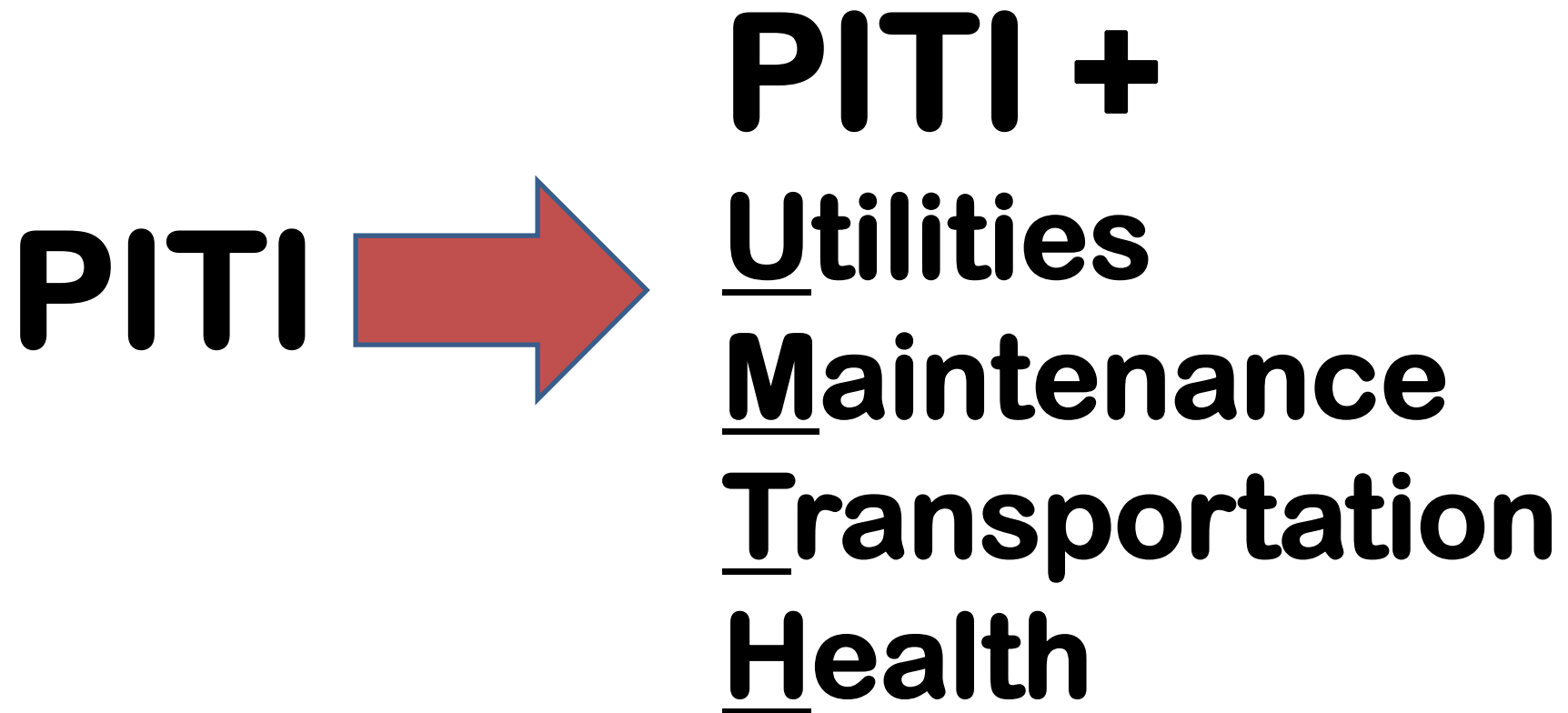
BLS 2010 Consumer Expenditure Survey

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# Greening Homeownership



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# Energy Efficient Mortgages

- FHA Energy Efficient Mortgage
- Fannie Mae Energy Improvement Feature
- VA Loans

Past & Current =

Niche, dependent upon borrower request

Need = Systemic shift



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# Confronting the Value/Demand Challenge

*Buyers and appraisers can't value green if they don't know which homes are green*

- The Problem...
  - Buyers don't know which homes are green
  - Green features aren't recognized in values and appraisals
  - Existing owners fear that investment in green improvements will not pay off
  - Sellers may misrepresent green features, and buyers misunderstand or ignore them
  - Over 850 locally-operated MLS systems mean each decides what to do
- The Solution...
  - Green the MLS Toolkit provides guidance to add green fields to local MLS systems
  - Buyers can search for specific green features
  - Appraisers can find comparable homes and document value

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Home

Getting Started

Continuous Improvement

Step by Step Process

Step 1 - Cross Industry Goals & Team

Step 2 - Design for Data Integrity

Step 3 - Design for Ongoing Quality

Step 4 - Create the Green MLS Platform

Step 5 - Educate, Communicate

Step 6 - Track & Publish Market Trends

Case Studies / Market Trends

Additional Resources

About Us

SEE WHAT OTHERS  
ARE SAYING ABOUT  
THE GREEN MLS TOOL KIT

## Welcome to the Green MLS Tool Kit

Welcome to the Green MLS Tool kit, a **green real estate industry collaborative project**. Home buyers, sellers and appraisers depend on a Green MLS for the same goal: ensuring fair value for good, green homes.

Green MLS is one solution for three different problems. Green MLS:

- Helps buyers quickly find green homes
- Makes it easy to fully promote the special features of a green home
- Supports apples-to-apples comparison when it is time to appraise a green home

Good Green MLS is designed to support the flow of green home information/performance between the players in the marketplace. Value for green homes follows this information flow:

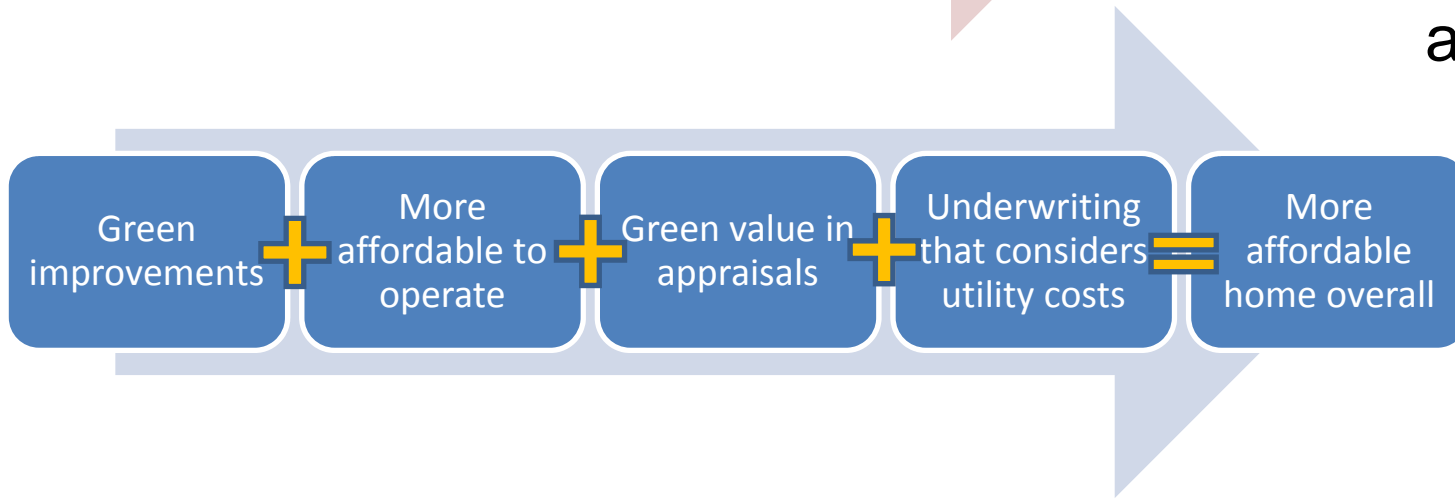
### VALUE FOR GREEN HOMES



# Final Note



Value + underwriting  
is critical for housing affordability



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# NeighborWorks Web Site

[www.nw.org/green](http://www.nw.org/green)

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