



# The Realtor's Approach to Energy Efficiency in Older Homes<sup>1</sup>

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Prior to the decline of real estate market activity in the early 1980s, homes in Florida were being turned around with greater frequency than ever before. Studies conducted by universities and professional real estate organizations found that the average holding period for a single-family, detached dwelling was about five years. Social status, job promotions and transfers, the need for more space and concern with neighborhood environment and schools all were factors contributing to families living in homes for shorter periods of time. Looking ahead the rapid turnover in homes suggests an opportunity for realtors to profit from repeat business. Satisfied clients will look to realtors they have dealt with in the past for both listing homes they wish to sell and finding a replacement.

Realtors can use the concept of energy efficiency as one means of ensuring client satisfaction. In older homes with low-interest mortgages, it is not uncommon to find energy costs exceeding the monthly amortization payments (principal and interest). For instance, a \$30,000, 30-year mortgage at 8 percent interest will have monthly payments of \$230.60. In all-electric homes built during the 1950s, 1960s, and early 1970s, monthly electricity costs easily can be \$250 or more unless energy-conserving measures have been taken. Further, it is a fair assumption that once the supply and demand mechanism has brought about equilibrium in the world pe

troleum market, energy costs again will rise and could eventually surpass the record high levels reached in the early 1980s.

Many homes built before 1978 have higher energy costs and are less energy-efficient than newer homes, since new homes must meet the requirements of a state-wide energy efficiency building code (Florida Model Energy Building Code). The homes built prior to the passage of the building code legislation may be "energy wasters." With high energy prices, realtors can provide a real service to prospective buyers of older homes by helping them determine the relative energy efficiency of a home being considered for purchase.

One way of finding out about a home's energy efficiency is to ask the seller to have the local utility company conduct an energy audit. The results of the audit will indicate the need for measures that will improve the home's energy efficiency and the approximate cost and payback time of the measures.

If the seller does not wish to have an audit performed, the checklist provided in Table 1 will assist the realtor and the buyer in assessing the relative energy efficiency of a home. Many possibilities for improving a home's energy efficiency

1. This document is Fact Sheet EES-22, a series of the Florida Energy Extension Service, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida.
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The Florida Energy Extension Service receives funding from the Florida Energy Office, Department of Community Affairs and is operated by the University of Florida's Institute of Food and Agricultural Sciences through the Cooperative Extension Service. The information contained herein is the product of the Florida Energy Extension Service and does not necessarily reflect the views of the Florida Energy Office.

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**Table 1.** Energy Checklist.

Energy Factor	Score	
Measure attic insulation	<3" = 0, 3-4" = 15, 5+" = 30	
Walls insulated	Yes = 15	No = 0
Crawl space insulated	Yes = 15	No = 0
Home built on slab	Yes = 15	No = 0
Heating/cooling ducts well taped at joints	Yes = 10	No = 0
Windows well sealed, no drafts	Yes = 10	No = 0
Window frames completely caulked	Yes = 3	No = 0
Doors completely weatherstripped	Yes = 5	No = 0
Door casings completely caulked	Yes = 3	No = 0
Fireplace damper tight fitting	Yes = 5	No = 0
Fireplace exterior caulked	Yes = 3	No = 0
No fireplace in home	Yes = 8	No = 0
East/west windows well shaded	Yes = 3	No = 0
Insulating blanker on water heater	Yes = 3	No = 0
Flow restrictors on showerheads	Yes = 1	No = 0
Water faucets don't drip	Yes = 1	No = 0
Solar water heater or waste heat recovery system	Yes = 10	No = 0
Total energy conservation factors		
The weighting scheme was taken from the publication "Home Energy Management Survey" published in 1980. It represents the collective efforts of the Division of Consumer Services, Department of Agriculture and Consumer Services; Governor's Energy Office; College of Architecture, Florida A&M University; Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida; Gulf Power Company; Florida Power Corporation; Florida Power and Light Company; and Tampa Electric Company.		

are quite obvious; many are not so obvious, but are no less important. The checklist addresses the most likely ways for conserving energy in homes built before 1978. All items listed should be scored, because a partial score will be of little practical use.

If the total score is between 100 and 120 points, the home is reasonably energy efficient. With a score between 70 and 99 points, the home needs improvement for energy savings. A score less than 70 points indicates major attention is needed to correct deficiencies.

What do these scores mean to a realtor and to prospective homebuyers? A score between 100 and 120 (or a favorable energy audit report) is a positive selling feature, since it indicates generally that the buyer will not have to pay excessive monthly utility costs. Lower utility costs will place the buyer in a better position to meet the total financial obligations of home ownership.

A score in either of the other two ranges (or an energy audit report indicating that extensive work is needed) constitutes a negotiation point between buyer and seller in determining a sale price acceptable to both parties. It may be that a seller will be willing to come down on the asking price by an amount greater than that the potential buyer will need to spend to bring the home up to peak energy efficiency. If the prospective buyer is the do-it-yourself type, this value differential may be even greater.

The point to be made is that very few homes, if any, are perfect in regard to energy efficiency. Since the passage of the Florida Model Energy Building Code, many new homes have reached a relatively high level of energy efficiency. However, much of the older housing stock in Florida is sorely deficient in this respect. This presents a potentially profitable opportunity for realtors to work with buyers (while still serving the interests of

sellers) in procuring homes that meet physical and aesthetic needs, can be made reasonably energy efficient and will not cause an undue hardship in meeting both monthly mortgage and utility payments. By being informed and

knowledgeable about energy efficiency, realtors can increase their value to both buyers and sellers, resulting in greater client satisfaction and the potential for repeat business.

There have been rumblings that an energy audit may be required by rule before any home can be sold. Presently there is no such requirement and audits are strictly voluntary. However, a homeowner may not wish to have the local utility or a private energy auditor perform an audit on his residence. However, with this checklist in hand, a prospective buyer and realtor can accomplish essentially the same thing, that being to ascertain the relative energy efficiency of a home at the same time the home's aesthetic and physical attributes are being appraised.