

**Welcome!**

The background of the slide features a series of overlapping, wavy green shapes that create a sense of depth and movement. These shapes are set against a white background. At the bottom of the slide, there is a thin, light blue wavy line that suggests a horizon or a body of water.

# **Long Beach GHG Emission Reduction Pilot Program**

**Presents**

## **Smart Homebuyers Guide to High Performing Healthy Homes**

**Presenter**

**Marcia  
Tolentino  
Realtor, Green  
BRE# 01829351**

- ✧ Designed, developed and implemented “Green” real estate training strategies for Realtors and mortgage lenders.
- ✧ Instrumental in training and certifying 1300+ real estate professionals with NAR Green Designation in California.
- ✧ Created and implemented the strategic engagement efforts with Association of Realtors both locally and national level. to encourage program participation in Green homes..
- ✧ 1<sup>st</sup> Realtor to receive GreenPoint Rater certification.

# Goals



- \* Reduce Greenhouse Gas (GHG) emission via real estate residential market
- \* Educate homeowners and homebuyers regarding Energy Efficient Mortgage (EEM) Programs
- \* Increase high performing homes in Long Beach

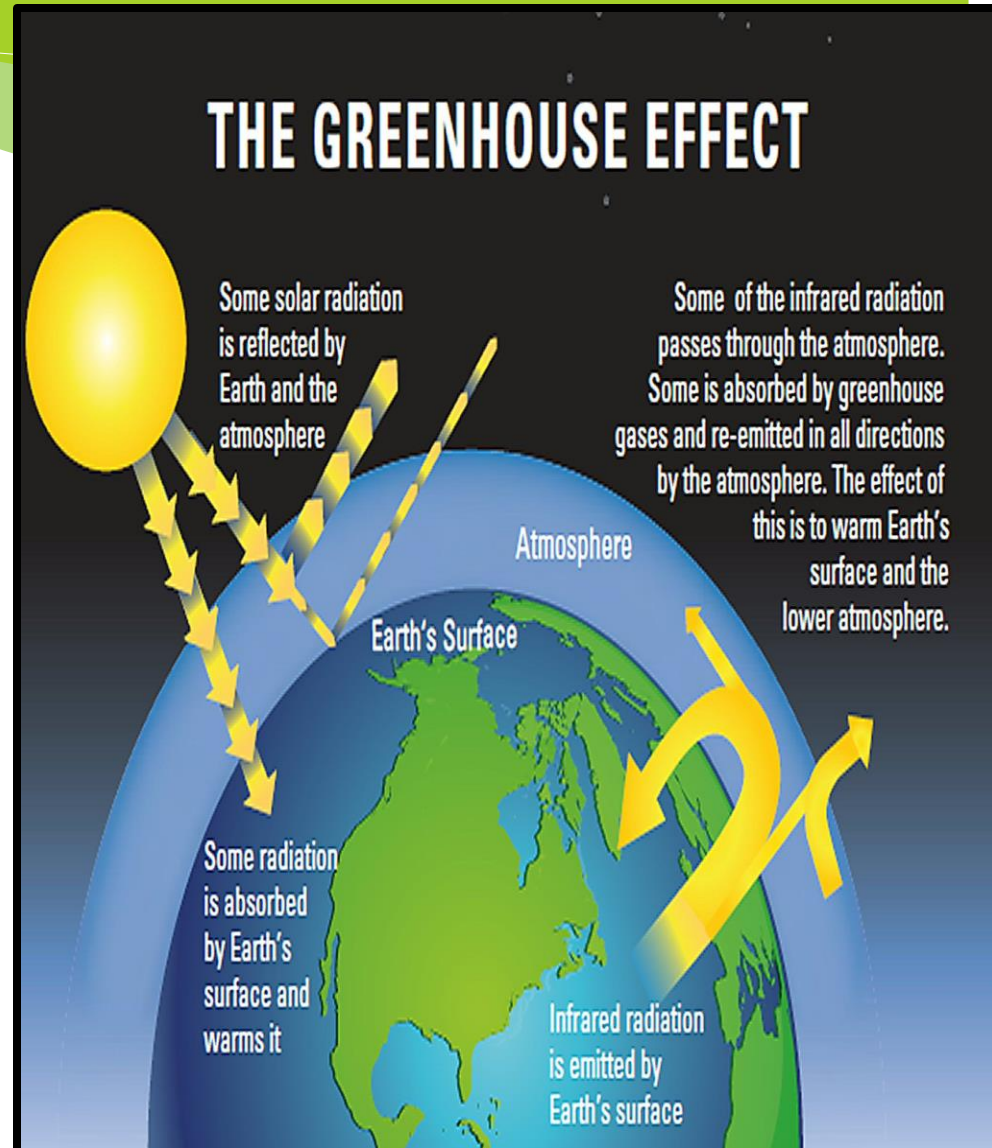
# What's In It For Me (YOU)?



- \* Create a more comfortable home
- \* Reduce noise pollution
- \* Save \$\$\$ on your utility bills
- \* Homebuyers has the ability to buy wholesale vs. retail
- \* Increased homes' value

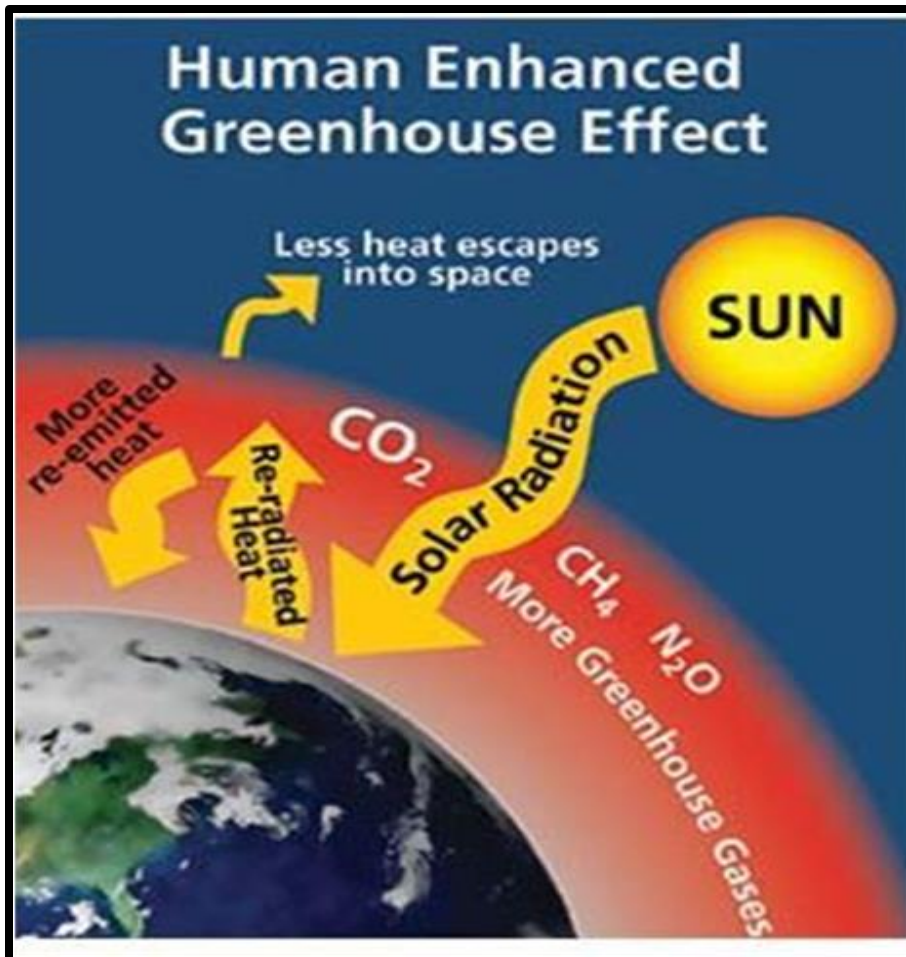
# Natural GHG Effect

- \* Group of compounds that trap heat in the atmosphere to keep Earth's surface warm.
- \* Some of the energy bounces back out towards space as heat.
- \* Some are intercepted and absorbed in the atmosphere to be re-emitted back towards Earth which increases our global temperature.





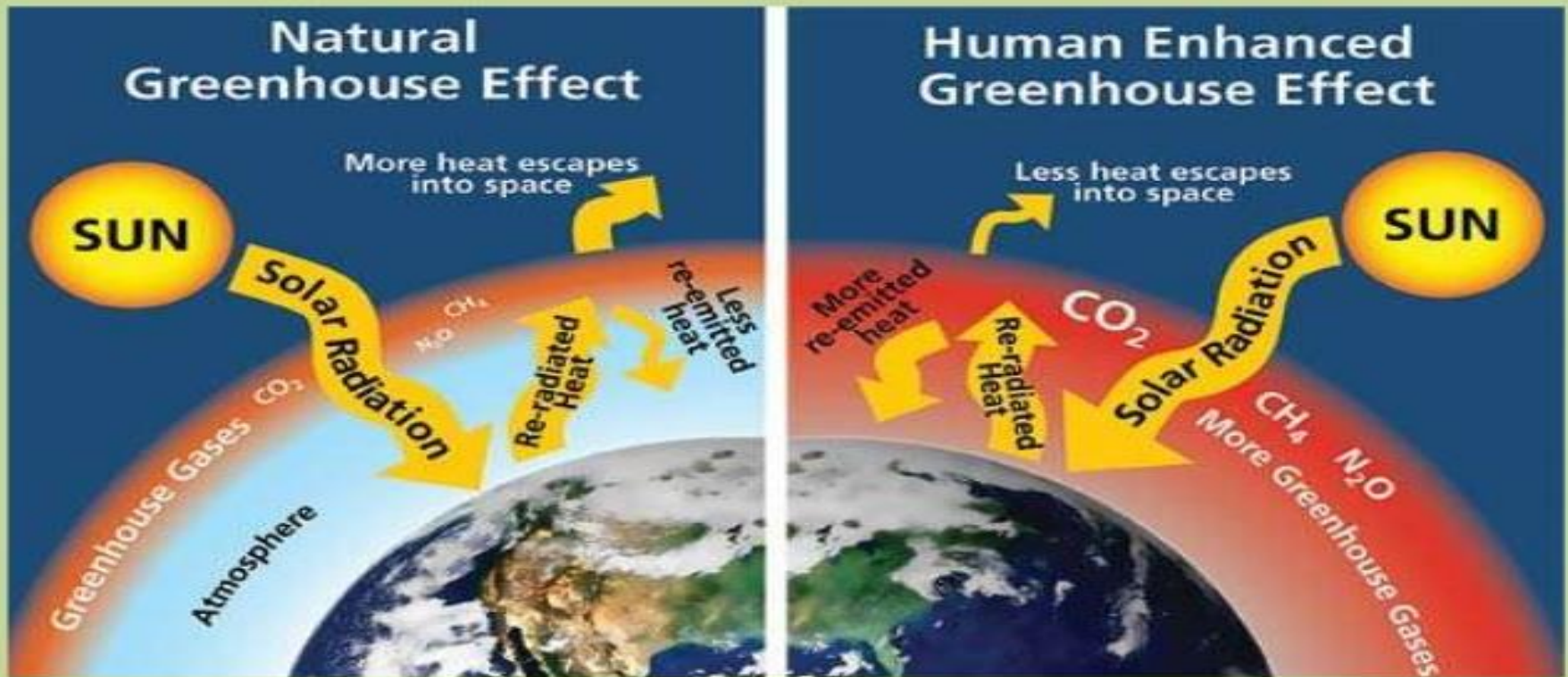
# Human Enhanced GHG Effect



- \* Direct result of human activities.
- \* Increased burning of fossil fuels, industrial operations and deforestation release carbon dioxide, methane and nitrous oxide into the atmosphere.
- \* Man-made carbon dioxide emissions contributed the most to the enhancement of Earth's natural greenhouse effect.

# Human Enhanced GHG?

## Greenhouse Effect





# How Can We Mitigate This?



Repairing our current housing stock to be more energy efficient can make a significant impact in reducing GHG emissions.

# Potential Impact

## Homes Sold January to December 2017

- \* L.A. County: 54,000
- \* Long Beach: 3,000



# Potential Impact

**Assuming that 20% of new homeowners achieved an overall 25% energy efficiency improvement.**



## Scope of Work:

- \* Heating and/or cooling system
- \* Duct work re-design
- \* Air Sealing
- \* Insulation

Approximately 1.8 metric tons of CO<sub>2</sub>e reduction from the savings per home.

# Potential Impact

20% of 54,000 = 20,347 metric tons of CO<sub>2</sub>e

- \* Equivalent to 4,300 passenger cars off the road for a year or the annual electrical use of 3,006 homes

20% of 3,000 = 1,130 metric tons of CO<sub>2</sub>e.

- \* Equivalent to 240 passenger cars off the road for a year or an annual electrical use of 119 homes

**By improving EE of every building and home, we can achieve our 2030, 2040 and 2050 goals.**



# Homeownership



Homeownership is an “American Dream” that  
WON’T DIE



# Homeownership



## Creates

- \* Sense of permanence
- \* Financial stability
- \* Fulfillment
- \* Contentment
- \* Satisfaction
- \* Pride

**Disclaimer: Never buy anything that you can't afford**

# What Is A Smart Homebuyer?



# Smart Homebuyer

## **Important things to do before you start looking a house:**

- \* Examine your budget.
  - What kind of monthly payment are you comfortable with on a monthly basis.
- \* Interview professional(s) that will look out for your best interest.
  - Whether your buying your home now or 10 years from now.
  - Realtors and mortgage lenders are not all the same.
- \* Get pre-approved.
  - Complete mortgage application.
  - True picture of your buying power.
  - Must-have when writing offers

## #1 Rule In Real Estate

**You can change the house, but you cannot change the location!!!**



# Investor

823 E. 9<sup>th</sup> St.  
Long Beach, CA 90813  
2 Bdrms / 1 Baths  
816 sq. ft.





# Investor

823 E. 9<sup>th</sup> St.  
Long Beach, CA 90813  
2 Bdrms / 1 Baths  
816 sq. ft.

**Sold Jan 11**

**Investor Profit \$160,500  
After Realtor Commission**

# Investor

1243 N. Norman Ct.,  
Long Beach, CA 90813  
3 Bdrms / 2 Baths

**Sold April 9**

**\$170,000**

**Investor/Flipper**



# Investor

1243 N. Norman Ct.,  
Long Beach, CA 90813  
3 Bdrms / 2 Baths

**Sold**

**Profit \$119,750  
After Realtor Commission**



# Investor

1351 E. Hellman St.  
Long Beach, CA 90813  
2 Bdrms / 1 Baths

A photograph of a residential property. In the foreground, there is a green lawn and a stone path. A green garden hose lies on the grass. To the left, there is a wooden pergola structure with string lights hanging from it. In the background, there is a wooden fence and a house with a dark roof. A large tree is visible on the right side of the image.

**Sold June 19, 2016 = 352,000**



# Investor

1351 E. Hellman St. Long  
Beach, CA 90813  
2 Bdrms / 1 Baths

**Sold April 27**

**Profit \$178,100  
After Realtor Commission**



# Compete With Investors



**DISCLAIMER: INVENTORY & value is dependent on real estate market condition**

# Smart Homebuyer

## Not A Typical Homebuyer

**You Are A SMART & SAVVY HOMEBUYER!!!**

- \* National Association of Realtors Survey.
  - 88% of homebuyers and homeowners prefer a high performing home.
  - Saves \$\$\$ on electric bill. – electric bill is the 2<sup>nd</sup> biggest expense next to the monthly mortgage payments
  - Increased comfortability
  - Healthier indoor air quality
    - 2-5 times worse than outdoor air quality

# High Performing Home

- \* Healthier
- \* More Comfortable



- \* Energy Efficient
- \* Lower utility bills

# Indoor Air Pollution

## Natural gas appliances

- \* Used by 1/3 of U.S. households
- \* Emit nitrogen dioxide, carbon monoxide and formaldehyde
- \* Exacerbate various respiratory diseases and other health ailments





# Indoor Air Pollution

## Natural gas appliances

- \* Used by 1/3 of U.S. households
- \* Emit nitrogen dioxide
- \* Various respiratory diseases and other health ailments





# Indoor Air Pollution



# Indoor Air Pollution

Wet Crawlspace



Mold



# What is Green?



# Why Is Green Important?

## Climate Change

### Definition:

Significant and important change in

- temperature
- rainfall
- moisture
- wind velocity

Is called **CLIMATE CHANGE**





# Why Is Green Important?



# High Performing Home

Rather than focusing on a single component

- \* Single paned window
- \* Old air conditioning system (HVAC)
- \* Leaky duct work

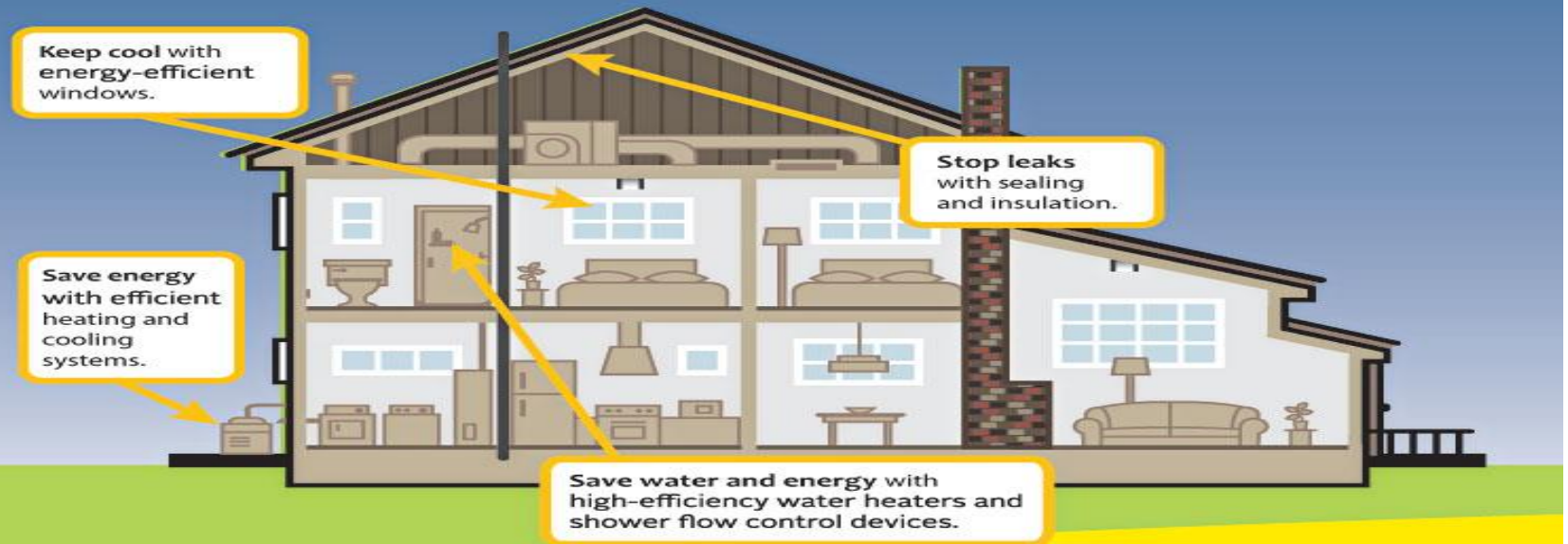


# High Performing Home

## Whole House Approach

### Take a “Whole House” Approach

The sum is greater than its parts





# Duct System

- \* Distributes conditioned air throughout the house
- \* 20-30 percent of conditioned air that moves through the duct system is lost
- \* High utility bills
- \* Rooms that never seem to be comfortable





# Improper Installation of Insulation



# Proper Installation of Insulation





# What is efficiency?



Doing  
**MORE**  
with  
**LESS**



## Five Keys to Doing More With Less:

1. Think quality over quantity
2. Know who you're dealing with
3. Get your message right
4. Track your efforts better
5. Pick your tactics wisely

# What is energy efficiency?

Energy efficiency is "using less energy to provide the same service"





# What Is A Green Labeled Home?



Designed to be environmentally friendly while also focusing on the efficient use of energy, water and building materials.

# What Is A Green Labeled Home?



Air



Community



Energy



Resource



Water

***Whole Systems*** approach that incorporates the following 5 principles:

# Value Of A Green Labeled Home

- \* Green Home Label = Report card or nutrition label for Green homes.
- \* Represents the gold standard in green homes
- \* Homes for all vintages



# Value Of A Green Labeled Home

## *The Value of Green Labels*

*in the California Housing Market*

*The first study to provide statistical evidence that a green label on a single-family home in California provides a **9%** market premium compared to a comparable home without the label.*



# Value Of A Green Labeled Home



## Home Seller:

- \* *Homes sold faster – less carrying costs*
- \* *Homes sold for higher premium – more profit*
- \* *Increased Market Value*
- \* *Differentiation*

# Value Of A Green Labeled Home

## Home Buyer:

- \* *Creates consumer confidence*
- \* *3<sup>rd</sup> Party verified*
- \* *Takes the guesswork out of understanding whether or not a home is green*
- \* *Avoids “Green Washing”*



# Case Study – South Gate

## Homebuyer Purchase

Purchase Price	\$410,000
Energy Efficient Upgrade	\$26,000
Allowable Incentive from EUC (41%)	\$8,500 (2015)
Allowable CAR HAF-R.E.A.P. Rebate (EEM)	\$250

<b>Total Cost</b>	<b>\$427,250</b>
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# Case Study – South Gate

## Homebuyer Purchase

Appraised Value of Property w/EEM	\$520,000
Allowable EEM Amount	\$26,000
Purchase Price	\$410,000
Allowable Incentive from EUC	\$8,500 (2014)
Allowable CAR HAF-R.E.A.P. Rebate (EEM)	\$250

*Client may use additional rebates acquired to add energy efficient appliances*



# Case Study – South Gate

## Scope of Work

Insulation on all 4 exterior walls

Weatherization / Air Sealing of all windows and doors

High Efficiency Central HVAC System

Duct-Work Re-design

Pool Pump

=====

Total Cost = \$26,000

# Case Study – South Gate

## Monthly Utility Cost After Repair

Air conditioner set at 70° 24 hrs. per day

Pool pump pumping 24 hrs. per day

No Solar PV

=====

Electric Bill = \$20-\$25/month

Family of 2

\$75/month increase on the mortgage payment

# Case Study – American Green Home

## Contractor/Real Estate Broker/Investor Flip

Cost of acquisition	\$340,000
Cost of Cosmetic Improvements/Repairs	\$25,005
Energy Efficient Upgrade	\$21,000
Allowable Incentive from EUC (41%)	\$8,000 (2012)
Allowable Build It Green GPR Rebate	\$500
Allowable CAR HAF-R.E.A.P. Rebate (EEM)	\$250

**Total Cost**

**\$377,255**



# Case Study – American Green Home

## Contractor/Real Estate Broker/Investor Flip

Appraised Value of Property w/EEM	\$465,000
Allowable EEM Amount	\$23,250
Cost of Cosmetic Improvements/Repairs	\$25,005
Cost of acquisition	\$340,000
Allowable Incentive from EUC (41%)	\$8,000 (2012)
Allowable Build It Green GPR Rebate	\$500
Allowable CAR HAF-R.E.A.P. Rebate (EEM)	\$250
Cost of Improvements from Contractor(s)	\$25,005

*Client may use additional rebates acquired to add energy efficient appliances*

# Case Study – American Green Home

## Contractor/Real Estate Broker/Investor Flip

Total Cost (Acquisition & Upgrades)	\$377,255
Sold in 5 day	\$485,000

<b>Investor Profit</b>	<b>\$107,745</b>
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# Case Study – American Green Home

## EEM Scope of Work

Insulation on all 4 exterior walls

Weatherization / Air Sealing of all windows and doors

High Efficiency Central HVAC System

Duct-Work Re-design

=====

Total Cost = \$21,000



# Case Study – American Green Home

## Monthly Utility Cost After Repair

Air conditioner set at 70° 24 hrs. per day  
No Solar PV

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**Electric Bill = \$50/month**  
**College student with roommates**

# Making It A Reality

Is this a good deal???

Compete with an ALL CASH buyer/investor ...

# FHA Renovation Loan

## 203K Streamline

- Repairs/Renovations/  
**Green Energy Efficient**  
upgrades up to \$35,000  
of the Improved Value
- Completed 120 Days
- Not Structural in Nature  
(Does Require Plans  
and Specs) - Cosmetic  
OK
- 640 min credit score

## 203K Full

- Repairs/Renovations/  
**Green Energy Efficient**  
upgrades up to 50% of  
the Improved Value-up  
to 150K
- Completed 120 Days
- Plans/Specs, Engineer  
Reports, Structural  
Changes, Cosmetic
- 640 min credit score



# Energy Efficient Mortgage (EEM)

- \* FHA Product
- \* Combine home financing with energy-efficient repairs in one loan, one closing
- \* FHA Only – available to all persons meeting FHA requirements
- \* 1-4 unit existing and new single family homes and condos
- \* Pre-approved for an additional 5% on your approved loan amount

# Energy Efficient Mortgage (EEM)

- \* Purchase or Refinance – 15-30 year fixed term mortgages
- \* No additional income qualification
- \* No additional cash down payment

**Changes/updates allowed:** solar panel systems, weather stripping, HVAC efficiency modifications, thermostats, new/additional insulation, water heater insulation, storm windows and/or doors, heat pumps, vapor barriers.

# Energy Efficient Mortgage (EEM)

- \* Allows homeowners to finance cost of energy efficient improvements through current or new FHA mortgage.
- \* Increases disposable income for homeowner.
- \* Enables cost effective energy efficient improvements and lower utility costs.
- \* Cost of energy improvements and estimated energy savings must be determined by a HERS Rater
- \* Can be combined with the 5% CHF Platinum Grant

# CalEEM + Grant

Combines FHA-insured first mortgage (Cal-EEM) loan with an additional grant (EEM Grant), allowing energy efficient improvements over and above the FHA maximum allowable EEM loan amount.





# CalEEM + Grant

- \* Qualified homebuyer can qualify for an additional 4.5% grant for energy efficient repairs = 9% total for energy efficient repairs.
- \* If the borrower(s) occupy the home for three (3) years, the full amount of the grant is forgiven.
- \* If the home is owner-occupied less than three (3) years, the grant must be repaid on a pro-rated basis.



# Extra Credit Teachers Program

- \* Deferred payment junior loan.
- \* Teachers, administrators, classified employees and staff members working in priority schools in California.
- \* \$7500-\$15000 depending on the area in which the home is being purchased.
- \* Can only be used for down payment assistance.



# REALTOR®' S Energy Audit Program (R.E.A.P.)

- \* For homes purchased by December 2018.
- \* Provides up to \$250 rebate on a home energy audit conducted by a certified HERS Rater

<https://www.car.org/difference/haf/reap>

# Estimated Payment

Loan Program	FHA 203(k) Standard Fixed 30 Year	FHA 203(k) Standard Fixed 30 Year	FHA High Standard Fixed 30 Year
Purchase Price	300,000.00	300,000.00	525,000.00
Down Payment	12,453.87	14,495.67	18,375.00
Down Payment %	3.500%	3.500%	3.500%
Base Loan Amount	343,371.13	399,666.33	506,625.00
Up Front MIP/VA Funding Fee	6,008.99	6,994.16	8,865.94
Total Loan Amount	349,379.13	406,660.33	515,490.00



# Estimated Payment

Interest Rate	4.750%	4.750%	3.875%
APR	5.784%	5.778%	4.888%
Discount Points/ Lender Credits	(0.125%)	(0.125%)	0.000%
Principal & Interest	1,822.53	2,121.33	2,424.03
Homeowners Insurance	120.00	120.00	120.00
Mortgage Insurance	241.52	281.11	355.92
Total Monthly Payment	2,184.05	2,522.44	2,899.95
Purchase Price	300,000.00	300,000.00	525,000.00

# Estimated Payment

## Alterations, Improvements & Repairs

	55,825.00	114,162.00 -	
Prepays & Reserves	2,432.82	2,477.52	2,488.38
Closing Costs	2,477.72	2,677.72	2,725.22
Up Front MIP/ VA Funding Fee	6,008.99	6,994.16	8,865.94
Discount/ Lender Credits	(436.73)	(508.33)	–
Total Loan Amount	349,379.13	406,660.33	515,490.00
Cash to Close	16,927.68	19,142.58	23,588.60

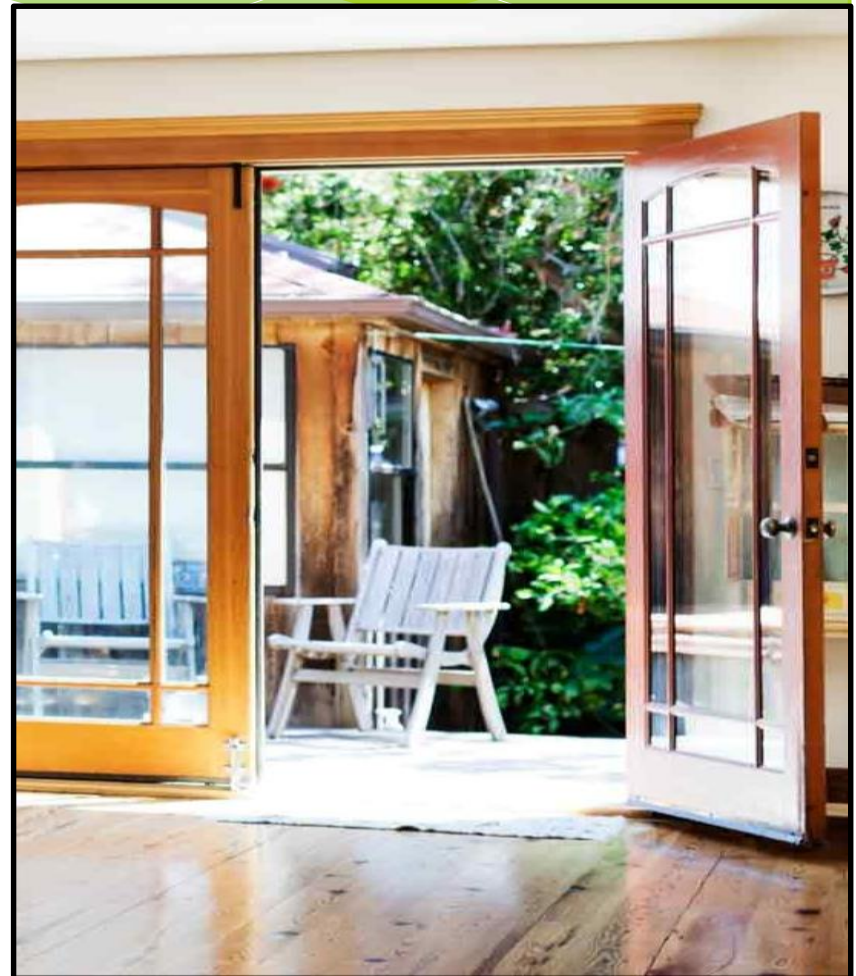
# When to Utilize the Program

## Home Purchase

- \* Rebates help make the home they can afford into the home they want.

## Refinance

- \* Remodeling project
- \* Growing Family
- \* Kitchen or bath remodel
- \* Empty nest



# Reality???

Is this a good deal???

**ABSOLUTELY!!!**





# Re-Cap

- \* Financing and rebates open-up opportunities for homebuyers.
- \* There are many types of specialized financing options and products to choose from.

# Practical Tips

- \* Select professionals with proven experience in green real estate and financing.
- \* Ensure that your Realtor® has a “Green Team” in place.
- \* Make sure that all parties are very clear about the timelines, including homeowners’ or homebuyers’ bids for construction.



Economic Growth  
doesn't mean  
anything unless it is


it just be  
stuff. It

**“ WE ALL MUST MOVE FROM A  
GREED ECONOMY TO A GREEN  
ECONOMY. ”**

- Susilo Bambang Yudhoyono,  
president of Indonesia



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***“Block by block, neighborhood by neighborhood,  
we will make our communities more energy  
efficient and help families save money. At the  
same time, we’ll create thousands of jobs and  
strengthen our economy.”***

*Dr. Steven Chu, former Secretary, U.S. Department of  
Energy, 2010*





*Thank You!!!*



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