Residential New Construction Attitude and Awareness Baseline Study

Real Estate Appraiser Survey

Report on Findings

Prepared for the New Jersey Residential New Construction Working Group

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Executive Summary

This Report presents the findings from the Real Estate Appraiser Survey for the New Jersey Residential New Construction Awareness and Attitudinal Baseline Study (RNC study). A summary report, entitled *Residential New Construction Attitude and Awareness Baseline Study-Integrated Summary: Report on Findings*, consolidates information from this and other research conducted for the RNC Study.

A. Background

The New Jersey Residential New Construction Working Group (Working Group), which consists of Public Service Electric &Gas Company, GPU Energy, Conectiv Power Delivery, NUI Elizabethtown Gas Company, South Jersey Gas, Rockland Electric Company, and New Jersey Natural Gas Company, is charged with developing and implementing a coordinated, statewide utility residential new construction program that will increase the energy efficiency of new homes constructed in New Jersey. In support of that effort, the Working Group has commissioned a comprehensive study of New Jersey's residential new construction market with the following goals.

- *Baseline Measurement*: The primary objective of the study is to establish a baseline that documents the current market for ENERGY STAR homes.
- *Program Design and Implementation*: The secondary objective of the study is to enhance the Working Group's understanding of the residential new construction market.
- *Customer Sited Clean Generation*: In addition, this study will support the work of the Customer Sited Clean Generation Working Group (CSCG Working Group).

The Working Group contracted with Roper Starch Worldwide Inc. and XENERGY Inc. to conduct the RNC study. The purpose of the Real Estate Appraiser study is to obtain information on the current and potential roles of appraisers in encouraging the construction of energy efficient homes. In phase one, we collected background information on licensing and training of appraisers. In phase two, we conducted 57 interviews with appraisers who work in the residential new

construction market in New Jersey. We restricted eligibility for the survey to appraisers with at least five years of experience, at least 50 appraisals in 1999, and at least five new home appraisals during 1999.

B. Awareness and Attitudes Findings

The primary goal of the Appraiser Survey is to establish a baseline against which market changes resulting from the utilities' residential new construction program can be measured. To meet this goal, the survey collected information on awareness of and attitudes toward the ENERGY STAR Homes program and the existing utility residential new construction programs. The awareness and attitude findings include the following.

- *Awareness of Existing Programs*: About one-fifth to one-fourth of appraisers are aware of each existing utility program and about half of the appraisers have heard of at least one existing utility program. Very few appraisers are aware of the Federal Environmental Protection Agency's (EPA) ENERGY STAR Homes program.

- *Awareness of Program Requirements and Benefits*: Most appraisers characterize RNC program homes as energy efficient homes that have lower energy bills. Very few are aware of the existing utility programs' home rating requirements or think of the homes as offering homeowners any other benefits.

- *Inclusion of Energy Efficiency in Appraisals*: Only 14% of appraisers usually discuss energy efficiency with the builder's representative. In assessing energy efficiency, appraisers tend to focus on insulation R-values, window efficiency, and in some cases equipment efficiency.

There is a moderate, but apparently superficial, level of awareness of the existing utility residential new construction programs. Appraisers do not appear to be very knowledgeable about energy efficiency.

C. Appraiser Perceptions of Builders and Lenders

The second purpose of the Appraiser Survey is to help to improve program design by enhancing the Working Group's understanding of

how the residential new construction market works and of the barriers and opportunities for the ENERGY STAR Homes Program.

1) *Builder Practices*: Appraisers perceive that home appearance gets the most attention from builders. Though builders pay more attention to other construction attributes in the more expensive market segments, appraisers perceive that energy cost does not get much attention from builders in any market segment.

2) *Builder Knowledge of Energy Characteristics*: Appraisers perceive that builders can usually furnish information about the R-value of the insulation in homes, and can usually or sometimes furnish information on AC equipment sizing, windows e-values, basement insulation, and programmable thermostats. They report that builders are less likely to be able to furnish information on air infiltration rates, duct tightness, and equipment efficiency.

3) *Lender Attitudes*: Appraisers perceive that, compared to other cost factors such as taxes and insurance, lenders do not rate energy costs as important in valuations. About 40% do believe that lenders would value an ENERGY STAR certified home higher than a comparable home that was not certified.

D. Recommendations for RNC Programs

Appraisers were asked about their perceptions of the best strategies for reaching consumers and were asked to suggest what type of training they would find most useful.

1) *Who Influences Homebuyers*: Appraisers believe that builders, the experiences of other homebuyers, and real estate agents influence the decisions of new homebuyers.

2) *What Messages Influence Homebuyers*: Appraisers perceive that dollars and cents messages would have the greatest influence on homebuyers, but there was no consensus regarding the most effective vehicle for getting that message to homebuyers.

3) *How Should Appraisers Be Trained*: The survey shows that most appraisers regularly receive training but that few have

ever received training on energy efficiency. It also shows that most appraisers think that training on energy efficiency programs would be at least somewhat helpful and that the utilities should offer this training directly to appraisers.

In combination with the findings from the other RNC surveys, these findings may help to guide the utilities' RNC marketing efforts.

II. Introduction

The purpose of this report is to furnish information on the findings from the Real Estate Appraiser Survey for the New Jersey Residential New Construction Awareness and Attitudinal Baseline Study (RNC study). This report furnishes background information on the survey, an overview of the survey methodology, baseline statistics on ENERGY STAR awareness and attitudes, appraiser perceptions of other market actors, and appraiser recommendations on market transformation strategies. A separate report presents detailed information on the survey methodology. A summary report consolidates the information from the series of research tasks conducted for the RNC Study.

A. Background

The New Jersey Residential New Construction Working Group (Working Group), which consists of Public Service Electric &Gas Company, GPU Energy, Conectiv Power Delivery, NUI Elizabethtown Gas Company, South Jersey Gas, Rockland Electric Company, and New Jersey Natural Gas Company, is charged with developing and implementing a coordinated, statewide utility residential new construction program that will increase the energy efficiency of new homes constructed in New Jersey. In support of that effort, the Working Group has commissioned a comprehensive study of New Jersey's residential new construction market with the following goals.

- *Baseline Measurement*: The primary objective of the study is to establish a baseline that documents the current market for ENERGY STAR homes against which market changes can be measured.

- *Program Design and Implementation*: The secondary objective of the study is to enhance the Working Group's understanding of the residential new construction market and to identify the opportunities and barriers associated with market transformation efforts.

- *Customer Sited Clean Generation*: In addition, this study will support the work of the Customer Sited Clean Generation .

(CSCG Working Group) in its efforts to understand the market for CSCG technologies.

The Working Group contracted with Roper Starch Worldwide Inc. and XENERGY Inc. to conduct the RNC study. The study consists of 13 research components:

- Nonparticipating Homebuyer Study
- Participating Homebuyer Study
- Nonparticipating Homebuilder Study
- Participating Homebuilder Study
- Lender Study
- Residential Real Estate Appraiser Study
- Residential Real Estate Agent Study
- Building Inspector Study
- Trade Ally Study
- CSCG Analysis
- Residential New Construction Statistics
- Affordable Housing Organizations
- CSCG Industry Statistics

The 13 research tasks were conducted independently, since each required research and interviews with different market actors. However, all of the studies used common language and definitions so that the results are comparable across market sectors.

B. Study Goals and Objectives

The purpose of this study is to obtain information on the current and potential roles of appraisers in encouraging the construction of energy efficient homes. The study achieves this goal in three ways.

1) *Background Information*: The project team collected background information on licensing and training of appraisers from the New Jersey Board of Real Estate Appraisers and from in-depth interviews with appraisers.

2) *Baseline Attitudes and Awareness*: To measure baseline awareness of and attitudes toward the ENERGY STAR homes program and the existing utility-sponsored Residential New Construction programs, the survey asked appraisers to discuss their awareness of and experience with these programs.

3) *Understanding the Residential New Construction Market*: The survey developed additional information on the residential new construction market to assist the utilities in their market transformation efforts. The survey asked appraisers to furnish insights into appraisal procedures, builder and lender practices, and the most effective ways for utilities to promote energy efficient new homes to homebuyers.

The study also supported the work of the CSCG Working Group. The survey asked appraisers questions regarding their awareness of and attitudes toward CSCG technologies.

C. Target Population

Appraisers play a significant role in the residential new construction market because they are responsible for determining the value of a home. In the appraisal process, they work with a number of different residential new construction market actors and have the opportunity to assess the construction quality and energy efficiency of new homes. As such, they are well positioned to assist the Working Group in understanding the existing homebuilding and residential valuation procedures, and to discuss market barriers to energy efficient homes.

However, not all appraisers are part of the residential new construction market. The New Jersey Board of Real Estate Appraisers reports that there are about 2,500 licensed appraisers. Data from the Department of Community Affairs show that there are about 30,000 new homes constructed and sold each year. Our survey shows that appraisers who appraise newly constructed homes appraise an average of 42 new homes each year. That suggests that fewer than one-third of appraisers conduct valuations of new homes.

In the Real Estate Appraiser Survey, we interviewed appraisers regarding their awareness of and attitudes toward existing and potential residential new construction programs. To ensure that we talked to appraisers who were familiar with the residential new

construction market, we restricted eligibility for the survey to those with at least five years of experience, at least 50 appraisals during 1999, and at least five new home appraisals during 1999.

D. Study Methodology

The study consisted of 57 telephone interviews with qualifying appraisers working in the residential new construction market in New Jersey. In designing and conducting this study, we attempted to establish an appropriate balance among data quality, timeliness, and cost. We are confident that the procedures we used will furnish reliable information to the Working Group. However, it is important for data users to understand the procedures employed and any limitations resulting from the procedures that were selected. Since this is a baseline study, any subsequent study that attempts to measure a change in the residential new construction market must use similar procedures to ensure that measured changes are defensible.

The *Real Estate Appraiser Survey Methodology Report* furnishes detailed information on the survey. The following are the most important aspects of the design and implementation of the survey.

- *Sample Frame*: The sample frame for this study was a commercially available list of appraisal offices.

- *Sample Selection*: We selected a PPS sample of offices. The measure of size for the PPS sample was the number of employees in the office.

- *Respondent Contact*: We sent an advance letter to sampled offices describing the purpose of the survey and the qualifications for an eligible survey respondent. We contacted the office gatekeeper by telephone and asked the gatekeeper to nominate an appraiser in the office who met the survey eligibility criteria. We contacted the nominated appraiser and conducted a telephone interview.

- *Interview*: The interview was administered by a Computer-Assisted Telephone Interviewing (CATI) system. The average length of the interview was 34 minutes.

- *Incentive*: Each respondent was sent a $25 check for participation in the interview.

The study attained a 62% response rate.

III. Baseline Awareness and Attitude Measures

The primary goal of the Appraiser Survey is to establish a baseline against which market changes resulting from the existing utilities' residential new construction programs can be measured. To meet this goal, the survey collected information on awareness of and attitudes toward the ENERGY STAR Homes program and the existing utility residential new construction programs. In this section, we identify the key awareness and attitude measures, and furnish baseline statistics on their current levels.
The survey findings demonstrate that some appraisers are aware of the existing utility residential new construction programs but that few are knowledgeable about these programs. Moreover, appraisers do not appear to have a good understanding of what makes a home energy efficient and of the range of measures that contribute to energy efficiency in homes.

A. Awareness and Attitude Measures

Three New Jersey electric utilities have had residential new construction programs; GPU Energy's Good Cents program, Conectiv Power Delivery's ENERGY STAR Homes program, and PSE&G's EEH Five Star Program. Each program had different goals, objectives, and procedures. As a result of restructuring legislation, all of New Jersey's electric and gas utilities are participating in a coordinated, statewide residential new construction program. The new program will have a common set of goals, objectives, and procedures. In the baseline survey, we measure awareness of and attitudes toward the existing programs. In any follow-up research, one would measure the change in awareness and attitudes resulting from the implementation of the statewide program.

In the survey we measured awareness separately for each of the three existing utility programs and for the national ENERGY STAR Homes program. We measured awareness at three levels.

1) *Awareness of Program*: the appraiser's awareness of the named program.

2) *Awareness of Program Requirements*: knowledge of how a home qualifies for the named program.

3) *Awareness of Program Benefits*: the knowledge of benefits that the named program delivers to homeowners.

These measures inform us about awareness of the existing utility programs and their depth of knowledge about these programs.

It is difficult to get a direct measure of appraisers' attitudes toward existing utility residential new construction energy efficiency programs. Other market actors can express their attitudes toward the RNC programs by choosing to recommend the programs to their customers (agents) or by choosing to build program-certified homes (builders). An appraiser can directly express a positive attitude toward the program only by increasing the value of a home certified by one of the RNC programs. Since only a small number of appraisers have appraised an RNC program home, we identify alternative attitude and knowledge measures, such as:

1) *Discussion of Energy Efficiency with Builders*: how often appraisers actively discuss the energy efficiency of a home with a builder.

2) *Key Measures of Energy Efficiency*: appraisers identify the key indicators that they use to determine the energy efficiency of a home.

These measures tell us whether appraisers regularly consider energy efficiency and are knowledgeable about energy efficiency.

B. Baseline Awareness Measures

The baseline awareness measures show that some appraisers are aware of the existing utility residential new construction energy efficiency programs but have little understanding of the program procedures and objectives.

Table 2.1 summarizes awareness of each existing utility program, awareness of the EPA ENERGY STAR Homes program, and awareness of any of the four programs. Each of the existing utility programs is known by about one-fourth of the appraisers. (*Note: The existing differences in awareness among the three utility programs are not statistically significant.)* Very few (just 2 out of 57) are aware of the EPA's ENERGY STAR Homes program, even though homes in the PSE&G and Conectiv programs meet EPA ENERGY STAR

Homes requirements. More than half of the interviewed appraisers (53%) are aware of at least one of the four programs.

Table 2.1: Program Awareness

Response	Program Sponsor				
	Conectiv	GPUE	PSE&G	EPA	Any Program
Aware	23%	18%	28%	4%	53%
Not aware	77%	82%	72%	96%	47%

Table 2.2 summarizes appraisers' perceptions of how a home qualifies for an existing utility residential new construction program. The response to this question gives us some indication of the depth of knowledge about the existing utility programs. Most appraisers responded "don't know" or gave a response that was not specific enough to be categorized into one of our three target response categories. Few appraisers knew that the homes go through a formal certification process.

Table 2.2: Awareness of Existing Utility Program Requirements ***(Appraisers Aware of Program)***

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Energy efficient	8%	10%	19%
Inspected by rater	0%	0%	13%
Certified by utility	31%	20%	13%
Other	46%	10%	19%
Don't know	15%	60%	44%

Table 2.3 summarizes appraisers' perceptions of the benefits that program homes deliver to homeowners. Most are aware that the homes have lower energy costs than other homes. Very few mention any of the other attributes that are highlighted by the ENERGY STAR Homes program. However, since appraisers are not usually involved

in marketing homes to consumers, this lack of awareness may not be very important.

Table 2.3: Awareness of Existing Utility Program Benefits *(Appraisers Aware of Program)*

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Reduced energy costs	62%	40%	75%
Lower maintenance costs	0%	0%	6%
Higher resale value	0%	0%	6%
Environmentally friendly	8%	0%	0%
Greater comfort	15%	0%	0%
Less noise	8%	10%	6%
Other	23%	10%	19%
Don't know	8%	50%	6%

An appraiser would be likely to have more complete information about existing utility residential new construction energy efficiency programs if he or she had received the information directly from the sponsoring utility. Table 2.4 summarizes the source of information about these programs. The two major sources of information are utilities and media advertisements. For each existing utility program, at least half of the appraisers have obtained information on the program from one of these two sources. It is clear, however, that no a consistent message is being delivered to appraisers regarding the existing RNC programs.

Table 2.4: Source of Information on Existing Utility Program *(Appraisers Aware of Program)*

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Utility company	8%	30%	19%
Real estate agents	8%	0%	6%
Builder or contractor	8%	0%	31%
Retail displays or sales staff	0%	0%	6%
Media advertisements	23%	50%	6%
Media articles	0%	10%	0%
Trade association	0%	0%	0%
Personal sources	0%	0%	6%
Other	46%	0%	13%
Don't know	8%	10%	13%

In summary, more than 50% of appraisers are aware of at least one of the existing utility residential new construction energy efficiency programs, and some are aware of more than one program. Appraisers do not appear to have a very good understanding of how the programs work or what benefits the programs deliver to customers.

C. Baseline Attitude Measures

The baseline attitude measures show that, as a group, appraisers do not focus on the energy efficiency of new homes and have a limited understanding of how to measure energy efficiency.

To assess the energy efficiency of a home, appraisers would need either to get detailed information about building specifications, or to conduct certain tests to measure energy efficiency. In the survey, we asked appraisers how often they discuss a home's energy efficiency with the builder's representative and who initiates the discussion. About 14% of appraisers report that they usually discuss energy efficiency with the builder's representative, and 26% report that they

sometimes discuss energy efficiency. However, 60% of appraisers report that they rarely or never get energy efficiency information from the builder's representative. Moreover, among those appraisers who at least sometimes discuss energy efficiency with the builder's representative, one-third report that the builders usually initiate such discussions. Only about one fourth of appraisers find the issue of energy efficiency important enough to initiate discussions with the builder.

About half of the appraisers interviewed indicated that they have conducted an appraisal for an energy efficient home. Those who indicated that they had conducted such an appraisal, were asked, "Who informs you about the energy efficiency of the home?" and "What factors make you reach the conclusion that a home is energy efficient?" Table 2.5 shows who informed the appraiser that the home was "energy efficient," and Table 2.6 shows the factors that appraisers use to determine energy efficiency. Only 15% of the appraisers reported that their determination of energy efficiency was the result of a personal inspection of the home. About 85% relied on other sources, with homeowners being the most common source. When asked about the factors that determine energy efficiency, about 60% of appraisers mentioned insulation R-values and energy-efficient windows. About one-third mentioned equipment efficiency rates. Very few appraisers mentioned any other indicators of efficiency as being important. These findings suggest that appraisers are not well informed about the determinants of energy usage in a new home and have no clear standard for assessing energy efficiency.

Table 2.5: Information Source on Energy Efficiency *(Appraised an Energy Efficient Home)*

Source	Percent of appraisers who mentioned source
Homeowner	33%
Builder	22%
Personal inspection	15%
Lender	11%
Agent	4%
Utility company	4%
Other	11%

Table 2.6: Key Energy Efficiency Measures *(Appraised an Energy Efficient Home)*

Factor	Percent of appraisers who mentioned factor
Insulation R-value	63%
Window efficiency	59%
HVAC/water equipment efficiency	37%
Air-conditioning equipment sizing	11%
Presence of basement insulation	11%
Duct tightness / insulation	7%
Air infiltration rates	4%
Programmable thermostats	4%
Other	19%

IV. Appraiser Perceptions of Builders and Lenders

The second purpose of the Appraiser Survey is to help the Working Group improve its program design by enhancing its understanding of how the residential new construction market works, and its understanding of the barriers and opportunities for the ENERGY STAR Homes Program. To help meet this objective, the survey asked appraisers to discuss their perceptions of the behaviors of homebuilders and lending institutions.

The survey furnishes three important findings about appraisers' perceptions of the builder and lender practices.

1) Appraisers perceive that home appearance gets the most attention from builders in all market segments. They perceive that energy costs get less attention than any other home attribute except maintenance costs.
2) Few appraisers are aware of builders who participate in one of the RNC programs, but about half are aware of a builder who promotes his or her homes as energy efficient.
3) About one-third of appraisers say that lenders would value ENERGY STAR certified homes higher than other homes. Most think that the valuation premium for a $200,000 home would be in the 5% to 10% range. However, 60% of appraisers think that lenders would place no added value on certified homes.

The energy efficiency of a home is not a focus for appraisers, and they do not perceive that it is of significant interest to other market actors.

A. Perceptions of Builder Practices and Knowledge

Appraisers who appraise homes in the residential new construction market have the opportunity to see the products of many different builders. Subject to the limitations of their technical knowledge about energy efficiency, they are among the best informants regarding the energy practices of builders. In the survey, we asked appraisers how much attention builders pay to various aspects of construction in different market segments. Table 3.1 shows the perceptions of appraisers regarding the percentage of builders who pay a lot of attention to each of the listed home attributes for the three market segments.

It is the perception of appraisers that, for all market segments, appearance is the attribute to which builders pay the most attention when constructing a home. For all of the other measured attributes,

there is a fairly tight clustering of responses within each market segment, with very significant differences between market segments. For example, 37% of appraisers think that builders in the low cost housing market segment (less than $150,000) pay a lot of attention to home appearance. However, the percentage of appraisers who think builders in this market segment pay a lot of attention to other attributes ranges from 7% to 16% for the different attributes. The range is 23% to 44% for the mid-level market segment and 61% to 81% for the most expensive housing market segment. The one exception is maintenance costs. Even for the most expensive market segment, only 38% of appraisers think that builders pay a lot of attention to that attribute. Energy costs are consistently rated below all other attributes except maintenance costs.

Table 3.1: Builder Attention to Home Attributes

	Market Segment		
Attribute	**Less than $150,000**	**$150,000 to $300,000**	**More than $300,000**
Appearance	37%	68%	98%
Convenience	16%	35%	68%
Durability	9%	30%	68%
Quality of workmanship	9%	44%	81%
Comfort	12%	44%	75%
Maintenance costs	7%	23%	38%
Energy costs	7%	26%	61%

We also asked appraisers how frequently the builder's representative is able to provide information on various energy characteristics of the homes. Table 3.2 presents information on the percentage of appraisers who report that builders usually could give them the information and the percentage who report that builders sometimes could give them the information. Most appraisers report that builders' representatives usually can furnish information about R-values, and close to half report that builders can usually furnish information about the sizing of air conditioning equipment and the presence of basement insulation. Appraisers report that the builders' representatives are

much less knowledgeable about equipment and appliance efficiency, air infiltration rates, and duct tightness and insulation.

Table 3.2: Builder's Knowledge of Energy Characteristics

Characteristic	"Usually can furnish information about"	"Sometimes can furnish information about"
R-values of insulation	68%	16%
Efficiency of HVAC equipment	28%	21%
Efficiency of water heater	32%	19%
Sizing of air conditioning equipment	49%	18%
Presence of low-E windows	42%	18%
Presence of basement insulation	51%	16%
Presence of setback thermostats	40%	26%
Efficiency ratings of appliances	28%	21%
Air infiltration rates	11%	14%
Duct tightness and insulation	21%	14%

Few appraisers are aware of builders who participate in one of the RNC programs. Only 14% know of a builder who promotes homes under the ENERGY STAR logo, 5% know of a GOOD CENTS builder, and 5% know of an EEH 5 Star builder. About half of the appraisers are aware of a builder in the area who promotes his or her homes as energy efficient.

B. Perceptions of Lender Practices

Survey respondents indicated that lenders commission about 75% of their work. Lender attitudes can be expected to have a significant impact on appraiser actions. In the survey, we asked appraisers to rate the importance of cost factors, including energy costs, in developing a final valuation. Table 3.3 shows that real estate taxes and insurance costs are the factors that are most likely to influence lender valuation. Even though annual energy costs are greater than annual costs for all of the other factors listed (except estate taxes), it is at the bottom of the list in terms of influence on lender valuation.

Table 3.3: Importance of Factors in Lender Valuation

Factor	Very Important	Somewhat Important
Real estate taxes	42%	40%
Insurance costs	25%	46%
Water/sewer costs	14%	42%
Energy costs	9%	40%
Maintenance costs	7%	46%

When asked if RNC program certification would increase a lender's valuation of a home, 4% of appraisers say that lenders would value a certified home a lot more, and 35% say that they would value it somewhat more than uncertified homes. The mean value increment for a $200,000 home is 7.5%, implying that those appraisers think that a lender would accept a valuation increase of $15,000. However, 60% of appraisers feel that lenders would think that certified homes are worth about the same as uncertified homes.

V. Recommendations for RNC Programs

New Jersey's utilities will need to make choices on how to allocate funds to the residential new construction market transformation programs. In the Appraiser Survey, we collected information that can contribute to that decision. Appraisers were asked about their perceptions of the best strategies for reaching consumers and were asked to suggest what type of training they would find most useful. In combination with the findings from the other RNC baseline surveys, these perceptions should help the Working Group to suggest an effective allocation of resources.

The survey shows that appraisers perceive that builders, the experiences of other homebuyers, and real estate agents have the greatest influence on the decisions of new homebuyers. Appraisers suggest that dollars and cents messages would have the greatest influence on homebuyers, but there is no consensus among appraisers regarding the most effective way to reach homebuyers.

The survey shows that most appraisers regularly receive training, but that few have received training on energy efficiency. It also shows that most appraisers think that training on energy efficiency programs would be "very helpful" and that the majority "definitely would" attend such training. Although most appraisers currently receive training from appraiser organizations, most recommend that the utilities offer this training directly.

A. Strategies for Marketing RNC Programs to Homebuyers

Appraisers have some direct contact with homebuyers. We asked them to give us their perceptions of who has the most influence with homebuyers, what marketing messages would speak most directly to homebuyers, and what marketing strategies would be able to reach homebuyers.

Table 4.1 shows the influence that various market actors have on "a homebuyer's decision to buy a particular type of home." According to appraisers, builders have the greatest influence on homebuyer purchase decisions, and "family and friends" are a close second. Only about one-fourth of appraisers think that real estate agents have a lot of influence, and fewer than one in five appraisers think that the news media, the Internet, or consumer advocates have a lot of influence. Therefore, from the appraiser perspective, getting builders to see the benefits of the program and the positive experiences of consumers

with ENERGY STAR homes are most likely to translate into more consumer interest.

Table 4.1: Influence on Homebuyer's Purchase Decision

Factor	"A lot of influence"	"Some influence"
Family and friends	40%	44%
Real estate agents	26%	53%
Builders	54%	35%
News media	18%	46%
Internet	7%	42%
Consumer advocates	21%	39%

Table 4.2 shows which messages appraisers feel would be most influential in getting a homebuyer to purchase an energy efficient home . Appraisers perceive that dollars and cents messages would have the greatest influence on consumers. They perceive that other attributes would be less influential.

Table 4.2: Effectiveness of Test Messages

Message	"A lot of influence"	"Some influence"
ENERGY STAR homes will save 30% on energy costs	53%	40%
ENERGY STAR homes have a greater resale value	39%	42%
ENERGY STAR homes provide more home for the money	26%	44%
ENERGY STAR homes are quieter, more comfortable homes	28%	53%
ENERGY STAR homes are better for the environment	23%	44%

Table 4.3 shows which marketing strategies appraisers believe would be most effective in reaching consumers. Almost 40% of appraisers suggest that rebates and other monetary incentives would have the greatest influence on customers. In terms of advertising, no

consensus approach is suggested. Working through builders and real estate agents is mentioned, as are various types of advertising.

Table 4.3: Marketing Strategies

Marketing Strategy	Percent of appraisers identifying this as an effective strategy for marketing energy efficient homes
Publicity through builders	16%
Publicity through agents	14%
TV / Radio advertisements	18%
Newspaper advertisements	5%
Rebates and other monetary incentives	37%

B. Training for Appraisers

It is clear from this research that appraisers have a limited understanding of the ENERGY STAR Homes program. One way for the utilities to communicate with appraisers would be through training programs. In the survey, appraisers were asked to indicate whether they would be interested in training and to identify the type of training that they would find the most valuable.

Four out of five appraisers surveyed had participated in some form of training in the last year. They were most likely to have received training on appraisal techniques and certification classes. For most, the training was organized by a national or local appraiser organization.

Only one in three appraisers has *ever* received training on energy efficiency programs. Among those who received training, most received it from national or local appraisal organizations. Only 10% received energy efficiency training from builders, and only 10% received it from a utility company. Most appraisers who received the training think it was very helpful.

Almost two-thirds of appraisers think that training on the ENERGY STAR homes program would be very helpful, and more than 50% say that they would definitely attend such training. The majority of appraisers (54%) think that this training should be offered directly by the utility companies.

Appendix

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