MARKI ([00:00](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

Your buyers want an energy efficient home, but they'll have a tough time finding one in the market.

JOHN ([00:06](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

Our clients are going to have to make the home green.

MARKI ([00:09](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

They may have to retrofit an existing home for green upgrades, but will that blow their budget?

JOHN ([00:15](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

Well, not retrofitting a house is an added expense. The cost of owning is what people should be looking at.

MARKI ([00:25](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

You're listening to [Drive with NAR](https://www.nar.realtor/magazine/drive), the Realtor to Realtor Series powered by Realtor Magazine. Listen as real estate pros talk tools of the trade and share stories of inspiration. Get ready to step up your business. Markie Lemons Row and you should know the finance and options your clients have in order to make sustainable housing improvements affordable for them. This is information that you can use in your marketing to appeal to more customers and encourage greener homes. Two sustainability experts are here to get us up to speed right now. John Rosshirt is a broker and co-owner of Stanbury Realtors in Austin, Texas and the 2024 chair of NAR Sustainability Advisory Group. And Angela Grannan, a broker owner of the Grannan Group in St. Petersburg, Florida. Both our holders of The's Green designation. We know that demand for [energy efficient homes](https://www.nar.realtor/magazine/real-estate-news/sales-marketing/energy-efficiency-will-help-drive-future-property-value) has outpaced supply for some time now. Can you talk about the state of the green home market and what would you tell a green home buyer about their options right now? John, we'll start with you.

JOHN ([01:28](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

Thank you very much Marky and delighted to be here today to talk about this issue of sustainability and finance. We've come out of a period where there weren't enough homes period for folks. And so being that there's not enough green homes is not surprising, but they are a better purchase, they're better in so many different ways. Our clients are gonna have to make the home green. For the most part, the [existing housing stock](https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales) is out there and it is just getting older every year and very few people upgrade it. And if they're upgrading it to sell their house, it's usually just slap and a dash on top and nothing really substantial. And so it, it's really helped my clients that I can help them navigate through what is a really, really good house. It may not look great, but it is well maintained and, and the systems in it work versus, well, let's just say there's a few out there that could be called that they were treated like lipstick on a pig.

MARKI (02:35):

Angela, what are your thoughts?

ANGELA ([02:36](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

Thank you Markie, and thank you for having me here today. You know, in our market specifically, your best bet is probably going to be to build new construction. Well, in a lot of markets it's going to be to build new construction. When you have the land and you can do that, you're going to have a lot more options because the green builders out there have already started putting those energy efficient options and the sustain sustainability options in your homes. However, when you're in large cities or landlocked areas where there's not a lot of land, retrofitting and renovating existing homes is really your better option. And in a lot of bigger cities and areas, that's where you do need to have professionals that understand what you can do, what your homeowners, buyers and sellers can do to make their homes more energy efficient and just really have a healthier lifestyle in general.

MARKI ([03:22](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

I remember a few years back, my aunt and uncle were looking to relocate to the Savannah area and they wanted to have, you know, a green home, something, you know, new cutting edge, energy efficient. However, in that area, it's a lot of historic builds with a lot of rules and regulations. Either one of you could answer this. What does one do in that situation when there are rules and regulations around what they can and cannot do?

ANGELA (03:54):

The Historic Building Council, national Historic Society in a lot of areas will have their finger in the pot and want to say, okay, we have to keep certain things on a home as they are so that we can keep that historical integrity of the structure. However, that doesn't mean that we can't do some things like put in double paned windows or something energy efficient, although it may still have a wood frame. If it's an old bungalow, a craftsman home, you can put a better pane in it and get better ratings that way. There are are many different things that you can do to retrofit a home. It's just in a historic district, you're definitely going to have a few more hurdles to cross. But that doesn't mean that it can't be done and can't be done well.

MARKI (04:32):

So let's say a buyer's option is to purchase an existing home and retrofit it, isn't that an added expense that will scare most buyers off?

JOHN (04:43):

Well, not retrofitting a house is an added expense. The cost of owning is what people should be looking at. And so if you purchase a home that is a sieve and you're gonna be air conditioning your attic in the outside world, you need to factor that in. And so if you balance out what the cost of improvements are, subtract it from the cost of what you'd be paying in utilities, it is a lot more affordable to do projects like that and get your monthly cost of owning that house down.

ANGELA ([05:18](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

Yeah, I agree. You know, it may end up costing you about 20% more to retrofit an existing home to bring in energy efficient products, to put in a reflective roof, you know, to do some of these different things. Then it would cost you to just have the home or 20% more for a new construction home as well to go green. But there are definitely options out there for financing these things, especially on the retrofit side. We have Fannie Mae and Freddie Mac have financing opportunities for buyers to actually renovate existing homes. And some of these loans actually you can even wrap the construction costs or those renovation costs into the purchase of the home. And they will actually include that value that you're adding to the home in your loan to value ratio, giving you more purchasing power.

MARKI ([06:06](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

So I live in a single family detached home and I'm definitely thinking about what life will look like for me in retirement. So the other day, my son Skyler, he's a also a licensed managing broker, he sent me a three unit with the storefront. Now I happen to know that based on the makeup of this property, that I can do a 203K purchase rehab loan on the property. I can reside in one unit, rent out two units, also have my office, but it gives me the space to be able to do all of the retrofitting, anything that needs to be done that will be rolled into that actual loan. And so to me, for those who are concerned and really want to do the right thing with the purchase, right, that as we age, we don't necessarily need a single family home because I want all of my living on one floor. That means that I could buy a multi-family property and really do the right thing for the community, for the environment. Use a 203K purchase rehab, and here also house hack and live essentially mortgage free. So needless to say, I really want this property and I already have an idea for what it is that I'm going to do with that property. But that is an option when we start looking at all of the vacant commercial property, what they can potentially do moving forward. One to get their overall housing costs down to renovate these aging properties and to create rental income to offset their debt to income ratios. There's a large possible impact if more agents encourage their clients to take advantage of these loans, right? Talk about what this can do for our housing stock, which we all know is aging fast.

JOHN (07:55):

An interesting situation and I'm so glad you found that unicorn and do wrap it up as soon as possible. 'cause that solves so many problems for people. I think a 203K FHA program is the granddaddy of the rehab type of financing. And it's very good. Like Angela said, you know, Fannie Mae has the Homestyle renovation plan and Freddie Mac has the choice renovation plan. Those are probably better right now for most purchasers, the 203K is better for a lower down payment. Now the challenge out there is, I, I just surveyed a bunch of lenders in the city, none of 'em knew about any of these programs and it was been so long since they did a 203K. And they'd rather not if they didn't have to. You do need, as a real estate professional to have good lenders on your side to help your clients with these programs and move them forward. There are other options, which some people will self-finance by going with a lower down payment, not putting that money down on the house, but using that money to, to rehab. Uh, another option would be just to have a second loan. You know, after you close, close on your permanent financing, you own it, you know, nice low percentage rate, the lowest possible percentage rates, but then have a, it'd be a higher percentage rate for a secondary lien, but you can get that paid off for the savings that you have if you're doing energy efficient improvements on the house.

MARKI ([09:32](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

That's kind of funny, is the house that I live in, I did a 203K loan and my next-door neighbor took a four unit building and converted it to a single-family home because they have an in-law unit and their in-laws help take care of their three children. And so, what I had an interesting conversation earlier today with the lender and the fact that most lenders don't know what's going on today in the real estate industry, and that it is now our responsibility to educate them, even when we start talking about the potential of veterans coming in and if they needed to do a purchase rehab loan just based on a wheelchair ramp. What I'm realizing is that we as real estate professionals, we really have to be well-versed and a lending advocate to make our buyers and sellers aware of the different programs that exist. Because I'm sure there's some areas that that seller would wanna make some modifications and changes to that home because the after repair value essentially would net them more money in the sale. Angela, any thoughts on this?

ANGELA ([10:41](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

I think it would behoove a lot of, uh, real estate professionals to get their green designation through the [National Association of Realtors](https://www.nar.realtor/) and learn the familiar topics terms. Uh, find your local home builder that does green homes and learn what it is that they're putting into these homes, what makes them different, what can be retrofit, what has to be new construction, you know, and teaching people more about the smart technology that goes along with all of that as well. It's not just about having the rain gardens and the low growing no mow ground covers and energy efficient appliances, but it's, it's also about having smart technology as well. A home that can basically learn your ways and then make it more itself more efficient based on your usages. And I would say probably familiarize yourself with the home performance counts. The National Association of Home Builders and NAR have come up with, which is, uh, a lot of sustainability and green energy efficiency. It's a collaboration between the two organizations and there's a lot of information there as well.

MARKI ([11:43](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

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MARKI (12:21):
So I'm in Chicago, we're in a, a deep freeze in the West. They've got wildfires and in the south they have hurricanes. And it seems like flooding and excessive heat happens everywhere. We have numerous climate changes across the country. How does that impact home performance standards?

JOHN (12:45):

Well, very slowly it seems climate is changing, there's new patterns. It's not settled into anything predictable as yet. The thing to realize is that homes are built for the climate. That was 50 years ago because it was pretty standard and running. I'm in Austin, Texas and usually very nice, but our first freeze happened the other day, this cold streak that came through and our first freeze of the year was three straight days below freezing. The housing stock is not built for that. We had some incidents a couple years ago, and so luckily we did not have any mass outages of gas or electricity like we did a couple years ago. But it is still really, really hard on homes, on the people that live in these homes. They're just not built to the current standard to handle the current situation, which is somewhat unknown.

ANGELA (13:44):

We're seeing a lot hotter hots. We're seeing colder colds, we're seeing stronger storms and stronger hurricanes. We're seeing higher floods. You know, climate change doesn't just mean global warming. It also means the earth's natural forces are working hard to sort of rebalance themselves. And so it's becoming a challenge for a lot of people in many areas. Your home needs to be able to withstand these extremes of hotter hots and colder colds so that you can stay dry and warm and comfortable inside and saving money in the process as well. So going green not only helps to curb some of those climate change problems, but also helps you save money and be more comfortable in those situations as things start to change and hopefully over time become more balanced.

MARKI ([14:30](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

The other day, while doing laundry, I told my husband I thought that I had finally broke the dryer because it was blowing essentially cold air and it was zero that day. And I'm like, when did this start happening? Has the weather impacted the dryer? Now I feel foolish right now today because I realized is that I had turned it to air fluff, which is why it was blowing cold air and that it was not set to heat the actual dryer. But my husband was so elated, he had already picked out a new washing machine and dryer and the capacity had changed and he was like, oh, Marki, they don't have all this wasted space. But when I went back and looked, I'm like, uh, I'm sorry, I had it on the wrong setting. I've never used air fluff before. Right? So we have to sometimes really take a look at our systems because it might not be broke or sometimes maybe the weather really is impacting the system. So because you are both experts, I want to know what each of you personally doing to promote sustainability in real estate.

JOHN ([15:49](https://www.temi.com/editor/t/R4SwTcCMYkLkqhbgktEgDhs8usDqs3x1HN73YQ1uWylXy8gsoeTbC95ZnHU3r9U7HZGz4uEtjp93W2sAmsq3xjxtw0E?loadFrom=DocumentDeeplink)):

I'll jump in on that. And I've been putting a lot of energy in with the National Association of Realtors and the different programs. I was in the very first green class and been on their advisory board developing, and we have rewritten that class at least four times and it's up for another, uh, rewrite this coming year because things are changing that fast on it. But the sustainability advisory group that I'm chairing this year is working to get the conversation of sustainability out to every part of our organization and getting information from every policy group back to us so that we're working on policies that are the best for our members and their clients out there. There's a couple things in particular I want to mention is that we just completed a toolkit that goes out to every association for them to help design their own sustainability program, to take ideas that have worked in other associations. But the education side that's, this is not directly under the sustainability advisory group, but on the educational side, they have created a class called Intro to Sustainability and Resiliency. Subtitled What a Realtor Needs To Know that came out last year, highly recommend the one hour class, but we just released the Intro to Sustainability and Finance, and once again, it's a one hour self-directed class. Did I mention both of these were free? No charge to our members. And you know, again, it will help identify the issues about financing for clients, some good examples in it, real high quality stuff that I highly recommend, but it's been an honor to participate with the National Association of Realtors on these topics.

MARKI (17:45):

Thank you, John. Angela?

ANGELA (17:47):

Well, like a lot of real estate professionals, I, I actually had a different career. I was an environmental consultant, so as I segued from doing that work in commercial real estate into actually selling commercial and residential real estate and all that, when we created our brokerage, we said, we've got to set ourselves apart from, you know, the others. We wanna do something different. And of course, the environment and sustainability and, and green was always a part of my heart because it's part of my passion. And so I said, okay, let's start planting trees for every property that we sell. So we created what we called the Plant Your Roots Program, and we plant a tree either on your lot or at a local conservation area. So, we're working with the city and the county and the state, um, to plant only native, uh, um, and Florida friendly 'cause I'm here in Florida, uh, species for homeowners. If you're moving out, then it will usually go to a conservation area. So, uh, we give away wildflower seed packets to people. It's kind of one of our fun little things. And we host events that are associated with farmer's markets and things like that. So that's kind of what we're doing. And what has been great is this program has been here about a year now, actually, I think today is our one year anniversary. And Plant Your Roots became a nonprofit organization. And what we at the organization are starting to see is other brokerages saying, uh, we're really interested in this program. How can we be a part of that? So we are looking to, to actually expand this nationally to other real estate agents and brokerages that might be interested in planting trees for properties that they sell in their local areas.

MARKI (19:19)

I am proud to say, and I believe John and I were both in that initial class of green, uh, I know that I need to do a better job of being green, but I did take it because to me it kind of goes hand in hand with, uh, technology. It, it is definitely about being more efficient, more productive, and I don't think that people understand the technology that is a part of green, but it is something that consumers want today. And so the green designation is definitely available and NAR has an abundance of resources in order to make you a viable asset in the communities in which you serve when it comes to sustainability. Thank you for tuning in. Thank you for joining us at Drive with NAR, the realtor to realtor series. Tune in every month to magazine.realtor/drive or subscribe wherever you listen to your podcast. Find more tips to boost your business at Magazine.realtor.