

# Public-Private Partnerships

# Market Transformation

## For HER Programs

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# Pearl's Story

Ten years building infrastructure to create demand for residential energy efficiency and renewables through the private market

Focus in all this work has been creating **demand** for efficiency

- There's real demand for efficiency
- There's real value in home performance improvements
- One key location to unlock value is at time of sale

## Our Mission

Healthier, **higher-value** homes for families and residential energy efficiency **at scale**.

Pearl's is a national public benefit corporation whose mission is to give homeowners the tools to improve their homes' health, comfort, efficiency, resilience, and value. By tying energy-efficient home improvements to increased home value, Pearl incentivizes homeowners to make sustainable, energy-saving changes and scale decarbonization of the housing market, which is responsible for 20% of U.S. carbon emissions.



## National Partners



Investor and  
Program Partner



Standards and  
Program Partner



Data and Program  
Partner



Licensing Agreement  
and Policy Partner



Data and Standards  
Partner



Data and Standards  
Partner



Program Partner

## Manufacturer, Distributor, & Trade Partners



Manufacturer Partner



Distributor Partner



Trade Partner



Utility Partner



Trade Partner

## Public-Private Partners



ELEVATE



# Market Transformation: Required by DOE

Describe how the State program will enable the market to recognize the value of homes that have been upgraded through the Home Energy Rebates, including at time of sale/rental. At a minimum, the plan must include a strategy for aggregating home data from the home assessment and/or home certification and making such data available to real estate stakeholders.

# Market Transformation: Required by DOE

Other market transformation elements:

- Cost sharing, braiding, and/or coordinated financing with potential funders and financiers of home energy upgrades. Funders and financiers of upgrades include homeowners, lenders of home upgrade loans, mortgage brokers, utilities, and philanthropies.
- Utilize rebate programs to enable new business models in partnership with private capital to monetize grid benefits...
- **Consider sustainable business models of home energy contractors.**

# Certification: Required by Statute

The state will engage one or more qualified third-party Certification Providers to issue each post-installation project certification.

The certification report will explain the benefits of the home features in language that the homeowner and potential buyers can understand, and that

optimize use of the certification by real estate professionals and appraisers during the home sale process.



# Certification: Required by Statute

The state will identify a certification that meets the HOMES program requirements that will include, at a minimum:

- A list of all work performed including details of installed equipment and materials;
- Projected energy savings to support the accurate valuation of the upgrade;
- Estimated annual energy use and costs generated by the DOE Home Energy Score

# Before We Continue, Some Clarifications:

**Homeowner =**

Homeowner | Building owner | Renter

**Efficiency =**

Efficiency | Electrification

**Why make upfront  
investments in market  
transformation as part of  
program design?**

# Features of a transformed market

More homeowners understand all the benefits of efficient homes



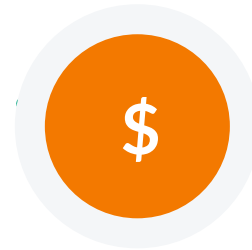
More real estate agents are engaged in the efficient home market



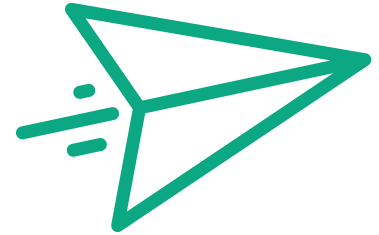
Efficient homes are valued more accurately and for more.



Low- and moderate-income homeowners build wealth



Contractors build efficiency into their businesses



1

# More homeowners understand the benefits of energy efficiency...

...like they understand the benefits of their deck.

- Entertaining
- Barbecue
- Space for kids to play
- Space to grow plants
- Storage space underneath
- Enjoy the outdoors
- Increased home value



1

# What if the energy efficiency industry sold decks?

- Comfort
- Health from better indoor air
- Reduced maintenance costs
- Energy savings
- Safety
- Resilience
- Increased home value
- Entertainment
- Barbecue
- Space for kids to play
- Space to grow plants
- Storage space underneath
- Enjoy the outdoors
- Increased home value

*What we've got here is a failure to communicate.*

1

# How do you get homeowners to appreciate efficient features the same way?

- ✓ Comfort
- ✓ Health from better indoor air
- ✓ Reduced maintenance costs
- ✓ Energy savings
- ✓ Safety
- ✓ Resilience
- ✓ Increased home value

*Homeowners need to understand the experience* →

2

More real estate agents talk about efficiency...



...just like they talk about closet space.



2


Seller's agent showcases the efficient, high-performing features of the home.



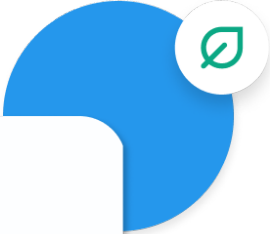
The buyer's agent points out energy features – good and bad.

3


# Energy-efficient homes are accurately valued.



**Appraisal  
Institute™**



<b>Client File #:</b>		<b>Appraisal File #:</b>	
Residential Green and Energy Efficient Addendum			
Client: Jane Gomez			
Subject Property: 1031 Deep Creek Ave			
City: Arnold	State: Maryland	Zip: 21012	



# A Story of Two Homes



Both in Rockford, MI  
0.6 miles apart

- 4 bedrooms / 3 bathrooms
- Built in 1988
- 0.38 acres
- 2,216 sq. ft.

- 4 bedrooms / 3 bathrooms
- Built in 1966
- 0.39 acres
- 2,466 sq. ft.

## Which one is high-performing?

# A Story of Two Homes



- Has Heating (Unspecified Type)

- 96 AFUE gas furnace
- R-49 attic insulation
- 4.8 ACH50
- Ductwork within conditioned space
- Double-pane low-e windows
- **Pearl Gold**

# A Story of Two Homes



\$270,000



\$298,000

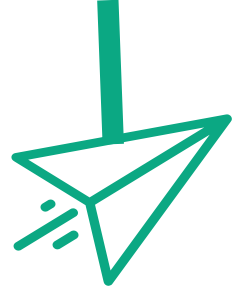
Marketed as Pearl Gold

- Pearl Certification included in MLS listing
- Home tour placards
- Home tour flyer
- Social media posts

4

Low- and moderate-income homeowners build wealth and stabilize communities.





Contractors do a brisk business selling high-efficiency, whole-home solutions.



“I’d like a side of air sealing with my attic insulation, please!”

# The Home Value Cycle



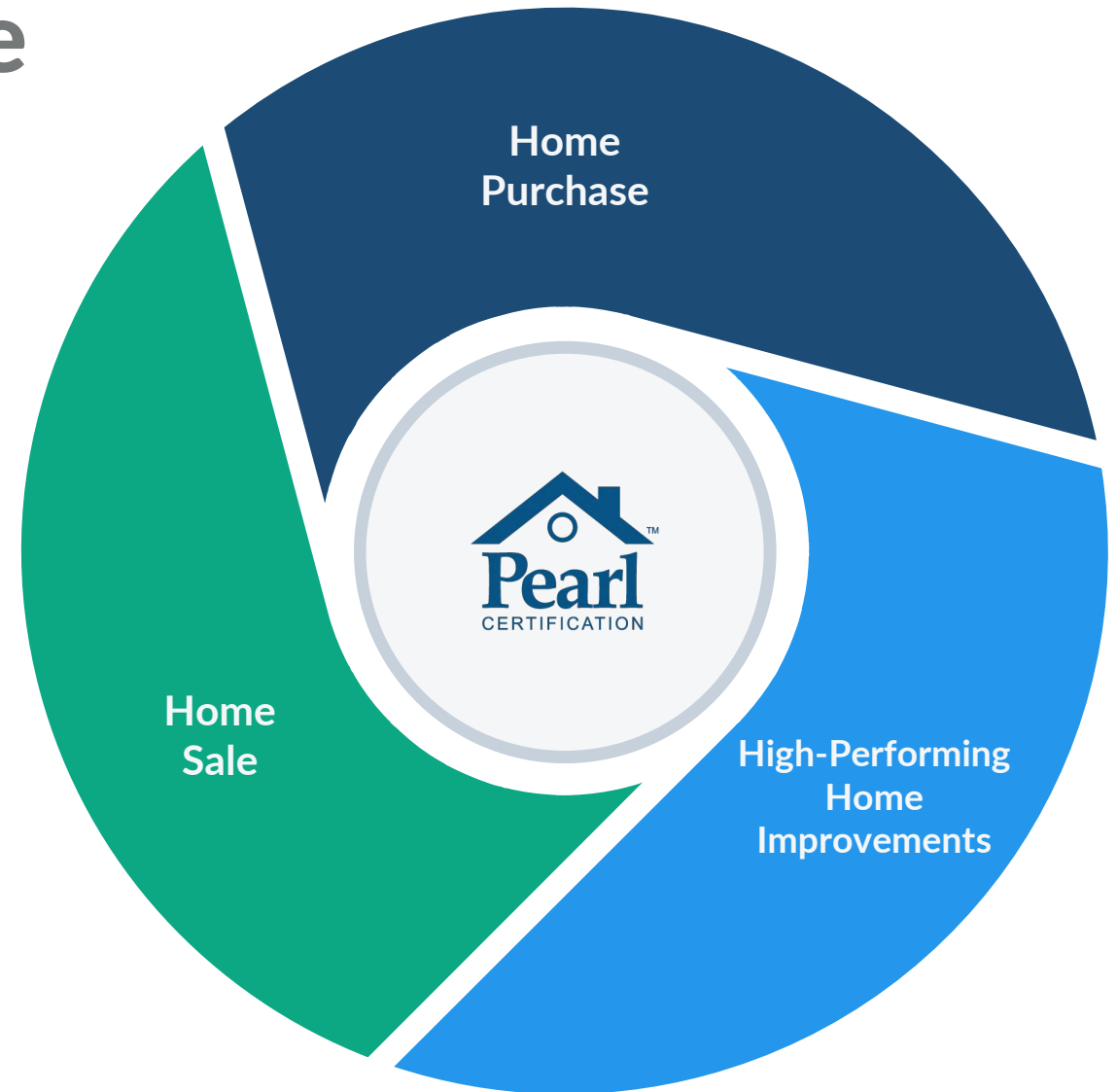
**Seller** captures value of their home investments in their Pearl Certification and in home sale price.



**Buyer** sees high-performing features in certification, recognizes added value, and pays higher price.



**Increased demand for high-performing homes** drives demand for high-performing home improvements.





# What you need to build into your program

# Market Transformation Impacts (Recap)

- ✓ Homeowners understand all the benefits of efficient homes.
- ✓ Real estate agents are engaged in the efficient home market.
- ✓ Efficient homes are valued more accurately and for more.
- ✓ Low- and moderate-income homeowners build wealth.
- ✓ Contractors have built efficiency into their businesses.

# Let's talk solutions...

1. Certification
2. Real estate engagement
3. Homeowner engagement
4. Contractor business development
5. Marketing

1

# Certification

Key for:

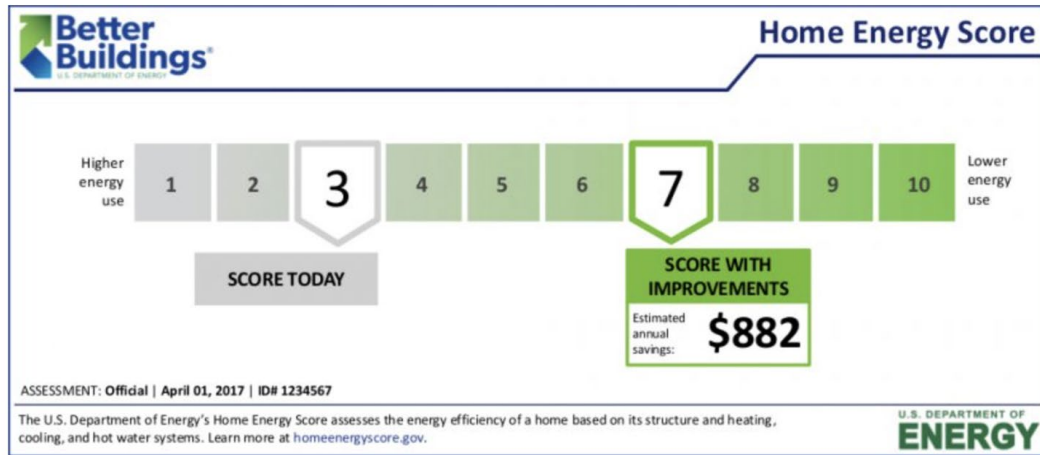
- Communicating the benefits of energy efficiency
- Engaging real estate agents
- Solving the valuation issue

And required by IRA statute to drive market transformation

1

# All the Benefits

## Label: Energy Information



## Certification: Information about all benefits

**Pearl**  
CERTIFICATION

### Pearl Home Certification Report

CORE INFORMATION	ADDITIONAL
What You Need to Know ..... 4	Intro to Home Technical Specifications ..... 8
Home Energy Overview ..... 5	Home Asset Details ..... 9
Special Performance Features ..... 6	What You Can Certify with Pearl ..... 10
Next Steps in Green Door ..... 7	About Pearl ..... 11
	Appraisal Addendum ..... 12

1

# Certification: Program Best Practices

- ✓ Incorporates an energy label, e.g. Home Energy Score
- ✓ Clearly communicates the full range of energy efficiency benefits
- ✓ Is accepted and used by the real estate industry
- ✓ Has a track record of supporting higher valuation

2

Real estate professionals need business reasons to adopt efficiency.

Real estate agents need tools from the efficiency industry:

- Not the ones we're giving them right now
- They need materials to support the sale, and make them and the house look good.
- They need it to be really easy.



## 2

# Real Estate Engagement: Best Practices

- ✓ Certification that the real estate industry will want to use
- ✓ Education through NAR, the Appraisal Institute, and Elevate
- ✓ Engage state real estate organizations.
- ✓ Support online registries and data feeds to multiple listing services



3

# Engaging Homeowners

- ✓ Stay in continuous contact with homeowners.
- ✓ Provide easy-to-execute improvement plans.
- ✓ Give them easy ways to find resources:
  - Contractors
  - Real estate agents
  - Advice about home improvements

4

# Contractor Business Development

**A major economic development opportunity:**

There are a lot of cost-effective improvements to make in U.S. homes, by a range of businesses, from mom-and-pop to market-leading firms.

245 TWh / year in opportunity



# 4

## Sustaining Business When the Rebates End

**The challenge: efficiency has to make business sense.**

- Contractors can only sustain business if there's demand.
- Difficult program requirements won't be sustainable post-IRA

## 4

# Contractor Businesses: Best Practices

- ✓ Keep program requirements as simple as possible
- ✓ Focus on demand creation through education
- ✓ Co-op marketing
- ✓ Ensure high-quality work and customer service low-cost, high-value QA processes: ENERGY STAR and ENERGY STAR Home Upgrade
- ✓ Convene industry advisory council to gather feedback.

# Marketing Your Program

Leverage program marketing to communicate:

- ✓ The full set of energy efficiency benefits
- ✓ How energy efficiency adds value to a home
- ✓ The value of a high-quality contractor and quality installations



# Wrap

- ✓ Market transformation is possible
- ✓ Market transformation isn't prohibitively expensive
- ✓ A lot of it is about getting the details right

# Resources

- ✓ [Market Transformation playbook](#)
- ✓ [Homebuyer Attitudes Toward High-Performing Home Features findings and recommendations to bridge the gap between the high-performing homes community and homebuyers](#)
- ✓ [Making the Value Visible: A Blueprint for Transforming the High-Performing Homes Market by Showcasing Clean and Efficient Energy Improvements](#)
- ✓ [Understanding the Gap: America's Community-Based Disparities in Energy Efficiency](#)
- ✓ [Creating Business Ecosystems to Drive Demand for High-Performing Homes](#)

# Market Transformation: Quality Contractors