



NATIONAL ASSOCIATION OF REALTORS®

*The Voice For Real Estate®*

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## **MYTHS AND FACTS: HOME ENERGY LABELING**

On June 26, the House of Representative approved H.R. 2454, the American Clean Energy and Security Act. Since then, there have been many reports about the bill and NAR's position that are based on incomplete information. Here are the facts:

**Claim:** "The bill mandates energy audits and labeling before any home in America is sold."

**Fact:** The bill does not create a federal energy audit or labeling requirement. As introduced, the original bill would have required energy audits and labeling at the time of sale. However, Realtors succeeded in making many positive changes before the bill passed. Many published reports are not based on the version of the bill that was considered by the House. As approved, the bill:

- Does not create energy audit requirement for real property at time of sale.
- Exempts existing homes, multifamily and commercial buildings from any federal energy labeling guidelines such as the existing federal Energy Star label program (section 204(m)), and
- Leaves the decision entirely to state governments whether to pass a law to require labels, but expressly prohibits labeling during a transaction (Section 204(h)).

**Claim:** "The bill federalizes building codes."

**Fact:** The bill would create a national building code standard that improves upon building energy efficiency. States would be given 1 year to bring their state codes into compliance with the new national standards. If a state fails to do so, the federal government would set and enforce the state's energy codes.

Throughout the bill's development, NAR has worked as part of a broad real estate coalition to address concerns with the House bill's building-code provisions. While we supported committee amendments to limit these provisions, the amendment to strike the section was unfortunately voted down along party lines.

NAR will redouble its efforts in the Senate where the energy committee has reported bipartisan alternative to the House's that sets more realistic energy reduction targets while preserving state and local authority. If and when the Senate takes up its bill and it reaches a House-Senate conference to resolve the bill differences, we will undertake the necessary efforts and activities to ensure onerous provisions are not imposed on real estate markets.

**Claim:** "NAR supports a "Cap and Tax" bill"

**Fact:** NAR supported moving legislation to the Senate that provides home owners with the resources and tools they need to improve property and save money on their energy bills. As passed, the bill:

- Does not create a federal energy audit requirement for real property;
- Exempts existing homes and buildings from any federal guidelines for new construction energy labeling.
- Leaves the decision to state government whether to pass a law and label, but specifically prohibits any labeling during a sales transaction.
- Prohibits the Environmental Protection Agency from regulating carbon emissions from residential and commercial buildings under the Clean Air Act;
- No longer includes provisions to bolster a private right of action under the Clean Air Act that would have allowed citizens to halt construction over minor risks – whether real or imagined;
- Offers property owners with matching grants and diagnostic tools to make property improvements that saves energy; and
- Provides green building financial incentives for HUD housing, including a loans, block grants and credit in underwriting for energy improvements.

At the direction of the NAR Board of Directors and Land Use, Property Rights and Environment Committee, NAR concentrated on the real estate provisions in the bill. While there were many NAR-supported changes to the House bill, NAR will continue working to address the remaining issues as the bill winds its way through the legislative process.

**Claim:** "NAR should have read the bill."

**Fact:** NAR reviewed the entire amendment and bill before taking a position. NAR was directly involved in the development of the 308-page amendment. The energy labeling exemption for existing real property was included on page 45. The House bill is available to the public at the Library of Congress' website: <http://thomas.loc.gov/> . The real estate provisions are in Title 2 beginning on page 320.

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