HOME BUYER DEMAND FOR ENERGY CODES: Results from Four Consumer Surveys

When state or local jurisdictions consider updating energy codes, decision-makers and elected officials hear from those in favor of enhanced energy efficiency and those opposed.* It’s hard to make policy changes without public support. But what do home buyers really want?

**What Home Buyers Really Want**
National Association of Home Builders (NAHB)

Nine out of ten buyers would choose a highly energy efficient home with lower utility bills rather than one costing 2-3 percent less without those features.

On average, home buyers are willing to pay an additional $7,095 in the upfront price of a home to save $1,000 annually in utility costs.

84% of home buyers believe that low utility costs are important when buying their next home.

**Energy Codes Messaging Test**
Consumers Union and the Building Codes Assistance Project (BCAP)

83% of respondents believe that energy efficient homes have a higher resale value.

86% want to know a home’s energy operating costs before buying or renting.

**Idaho Homeowner Energy Code Survey**
Boise State University, Northwest Research Group, Eco Edge

In Idaho, homeowners believe that home buyers should have a right to a home that meets national energy standards.

**2015 Public Opinion Survey**
University of North Dakota, North Dakota Alliance for Renewable Energy

Nearly nine out of ten respondents (87%) support implementation stronger energy efficiency requirements for new residential and commercial property construction in North Dakota.

For a more in-depth summary of these surveys, visit [http://bcapcodes.org/consumer-portal/](http://bcapcodes.org/consumer-portal/).

*A subset of builders claim that increased energy efficiency leads to higher home prices, resulting in fewer buyers able to afford new homes. Since the reduced operating costs are not typically recognized in real estate valuation, some builders argue that improving the energy efficiency of their homes is a bad business decision.*
**OBJECTIVE:** To provide NAHB members with the most current and accurate information on the preferences of home buyers so that builders can deliver the home (and community) that today’s buyers want and are willing to pay for.

**SAMPLE SIZE:** 3,682

**RESPONDENTS DEMOGRAPHICS:** Respondents from all demographic groups were derived from a national consumer research panel maintained by the NAHB Research Center. Respondents had either purchased a home in the last three years, or were expecting to buy a home in the next three years. Information on respondents include Census division, income, race, age, type of household (i.e. married or single), generations (gen Y, gen X, baby boomers, seniors), and more.

**METHODOLOGY:** A detailed questionnaire was sent to home buyers. In addition to other questions, respondents were asked to rank more than 120 features (i.e. first floor master bedroom, garage storage, golf course community, walk-in kitchen pantry) as “essential/must have”, “desirable”, “indifferent”, or “do not want”.

**FINDINGS:** Most home buyers want all of the energy saving features listed in the survey. This does not necessarily mean they are willing to pay for all of them. Of the 120 features ranked by respondents, 11 came out on top (i.e. ranked essential or desirable) by 85% or more of home buyers. This “most wanted” list shows that buyers are most interested in two themes: energy efficiency and organization/storage.

Three of the top-ranked features in all age groups were energy-related.
- ENERGY STAR rated appliances (94%)
- ENERGY STAR rating for whole home (91%)
- ENERGY STAR rated windows (89%)

Additionally, in the 55-64 year age group, 86% of respondents want “insulation higher than required by code”.

Buyers care about the environment.
- Concerned/want environment-friendly home, but would not pay more (67%)
- Not concerned (18%)
- Concerned/would pay more (14%)

**Utility costs are important.**
- Importance of low utility costs when buying next home (84%)
- Knowing the projected utility costs of a home is important (77%)
- The projected utility costs of a home would influence purchase decision (73%)
- Would prefer to buy a home from a builder that provides home energy ratings (71%)

**Buyers are willing to pay more for energy efficiency.**
- 9 out of 10 buyers would choose a highly energy efficient home with lower utility bills rather than one costing 2-3% less without those features (all age groups agree).
- On average, home buyers are willing to pay an additional $7,095 in the up-front price of a home to save $1,000 annually in utility costs:

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<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>Amount buyers willing to pay</th>
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<tbody>
<tr>
<td>&lt;35</td>
<td>$7,639</td>
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<tr>
<td>35-44</td>
<td>$7,842</td>
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<tr>
<td>45-54</td>
<td>$7,804</td>
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<td>55-64</td>
<td>$7,100</td>
</tr>
<tr>
<td>65+</td>
<td>$5,750</td>
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</tbody>
</table>
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**The top three window criteria are related to energy savings.**
More than two-thirds of buyers want:
- ENERGY STAR rated windows
- triple pane insulating glass
- low-E insulating glass

**Read the full report:** [http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=206669&channelID=311](http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=206669&channelID=311)
**Energy Codes Messaging Test**  
Consumers Union and the Building Codes Assistance Project (BCAP)

**OBJECTIVE:** Assess consumer views on energy codes to:  
1) Determine what messages resonate with consumers;  
2) Establish a priority of value for particular energy items covered by code;  
3) Determine attitudes regarding common arguments for and against energy codes.

**SAMPLE SIZE:** 5,082

**RESPONDENTS DEMOGRAPHICS:** Respondents were evenly divided between male and female; about two-thirds of respondents were homeowners; most (84%) had annual household income of $79,000 or less. Respondents were broken out into regional sub-categories (Northeast, Midwest, South, and West).

**METHODOLOGY:** To determine which message statements resonate best with consumers, this online survey asked participants to rate seventeen statements, choosing between “Disagree Strongly”, “Somewhat disagree”, “Neutral”, “Somewhat agree”, or “Agree completely”. The statements were grouped into five categories: (1) money saving, (2) environmental impact, (3) quality construction, (4) general benefits, and (5) home builder arguments against codes. Once the message evaluation was complete, respondents were asked their agreement on six attitudinal statements about energy efficient homes using a four-point agreement scale. Additionally, ten indicators were evaluated in order to understand which indicators motivates consumer interest in terms of money savings and standard practice. Prior to taking survey, respondents were only told “Energy codes are minimum requirements that builders must meet to ensure that homes meet energy efficiency standards.”

**FINDINGS:** Respondents rated the following statements as agree or strongly agree.

- Energy efficient buildings reduce energy use and pollution (84%)
- Homeowners have a right to a home that meets national energy standards (82%)
- Energy codes should be enforced like other health/safety codes (75%)
- Energy codes help ensure homeowner and taxpayer dollars are used wisely and efficiently – new buildings will be required to be built right the first time (74%)
- Homebuilders should not make less efficient homes at buyers’ expense (73%)
- Energy codes help make energy bills more affordable and predictable (71%)
- Energy codes help ensure the quality of home construction (70%)
- Energy codes help protect homeowners and renters from excessive energy costs (70%)
- Energy codes add to the purchase price of new homes but lower the operating costs (69%)
- Energy codes make homes more comfortable to live in (68%)
- Homebuilders should not save money on construction by making homes less energy efficient (73%)
- I want to know a home’s energy operating costs before I buy or rent (86%)
- If my home is energy efficient, it will have a higher resale value (83%)
- I would rather pay slightly more for a new home and have affordable, predictable operating costs and energy bills (79%)
- I don’t want my home to be less efficient than other homes in my neighborhood (78%)
- I want the most efficient home in my neighborhood (74%)
- I would like to compare my home’s energy efficiency to others in my neighborhood (67%)

This survey also found that the public doesn’t accept common home builder arguments:

- New home amenities have to be sacrificed in exchange for energy codes compliance: (77% disagree or strongly disagree)
- Energy codes compliance creates administrative hassles for builders and negatively impacts the rate of new home construction: (65% disagree or strongly disagree)

**OBJECTIVE:** Assess Idaho homeowner views on energy codes to: 1) Determine if Idahoans value energy efficiency; 2) Establish a priority of value; 3) Determine if homeowners value statewide standards for energy efficiency; 4) Determine how much Idaho homeowners are willing to pay for energy efficiency.

**SAMPLE SIZE:** 600

**RESPONDENTS DEMOGRAPHICS:** Idaho homeowners and renters ages 18 and older from three geographic regions of Idaho based on population: 205 from North/North Central/East Central, 265 from Southwest and 130 from South Central/Southeast. Demographics were weighted to ensure all Idahoans’ views were represented.

**METHODOLOGY:** Random telephone survey of 600 Idahoans, (70% landline; 30% cell phone). The 2013 Idaho Homeowner Energy Code Survey is a scientifically random and valid representation of Idaho homeowners. It was run in accordance with ISO 20252:2012 Market Research Standards. The sample plan was designed to achieve a maximum margin of error of +/- 4.9 percent with 95 percent confidence.

**FINDINGS:**

- Idahoans strongly agree that they should have the right to do what they want with their home and the amount of energy they use, but they also see the benefits of having energy codes.

- Nearly two-thirds of Idahoans agree that Idaho energy codes should be consistent with national standards.

- However, less than half say they trust the state to adopt the right energy efficiency standards for Idaho.
  - Those disagreeing with the need for statewide energy codes do so because of personal beliefs, which are difficult to overcome. They feel that the code limits homeowner’s rights and, to a lesser extent, adds to more government regulations.

- To identify key drivers for agreement or disagreement with the need for statewide energy codes, a number of statements were presented to those surveyed. Some of the statements that garnered the most agreement were:
  - If my home is energy efficient, it will have a higher resale value (88%)
  - Homeowners purchasing a new home should have a right to a home that meets national energy standards (73%)
  - Energy codes will impact the monthly operating costs of my home (67%)
  - Energy codes are just another way for government to regulate my life (44%)
  - Homeowners should have a right without any limitations to do what they want with their home and the amount of energy they consume. (Nearly two out of three respondents agree with this; however, agreement varies significantly across regions within the state.)

- Idahoans are willing to pay $10 per month in additional rent or mortgage costs to save $16 per month on energy bills, and indicate that an acceptable payback period is up to 7 years.

- The most trustworthy messenger according to survey results are local people such as an architect, building inspector or utility company. The best format for conveying information is direct mail and online.

OBJECTIVE: To assess attitudes and perceptions of North Dakota adults regarding issues relating to energy efficiency and renewable energy. Report was commissioned by the ND Alliance for Renewable Energy (NDARE) with support from the State Energy Program.

SAMPLE SIZE: 532

RESPONDENTS DEMOGRAPHICS: Randomly selected adults age 18 or older.

METHODOLOGY: Telephone interviews. To provide a probability-based sample representative of all such individuals, a dual-frame random digit dial (RDD) sampling methodology was used; both landline and cellular telephone numbers were included. The sample yields an error margin of +/- 4.97%.

FINDINGS:

- Almost all respondents (97%) believe that energy efficiency is important to them.
- Nearly nine out of ten respondents (87%) are “strongly” or “somewhat” supportive of implementing stronger energy efficiency requirements for new residential and commercial property construction in North Dakota.
- 72% of respondents are “strongly” or “somewhat” in favor of a bill that passed in 2009 that requires energy efficiency standards to be included in building codes.
- The majority of respondents (42%) feel that the North Dakota legislature has “not done enough” to promote energy efficiency. Thirty percent believe “enough” has been accomplished, while almost one-fourth (23%) did not have enough information to form an opinion.
- The most important reasons why people would make a personal investment in energy efficiency are:
  - Avoiding waste (90%)
  - Protecting the environment (89%)
  - Preserving natural resources (88%)
  - Potential for the savings to exceed the costs (84%)
  - Availability of low interest loans (82%)
  - Tax incentives or rebates (80%)