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## Sadly, Not All Homebuyers Value Energy Efficiency, Solar Power or Other 'Green' Features

It was true 20 years ago, 10 years ago, and it's still true today: while some homebuyers appreciate such things as solar power, energy efficiency, superior insulation, and sustainability in general, when it comes to searching for and choosing a home to buy, those qualities take a back seat to bathroom updates, hardwood flooring, granite countertops, curb appeal, appliance updates, and other features.

It wasn't that long ago that one couldn't even search for homes based on their "green" features, and appraisers still tend to undervalue such aspects of a home — as they should, since the real estate market — i.e. homebuyers — don't value them.

That's why I have always counseled homeowners considering such upgrades to do it for themselves and not to make their home more attractive to buyers later on.

There is massive documentation that an investment in superior insulation or in a heat-pump water heater saves money in the short run and pays for itself in the long run, and smart homeowners have made those and other investments. But I have never advocated those investments for others unless the homeowner is planning to live in the home for several years, because those investments will do little to



By JIM SMITH  
Realtor®

increase the price that a good listing agent like myself can get for their home. The exception is, of course, the homeowner who has the money to spend and likes "doing the right thing." (Readers have probably concluded by now that describes Rita and me.)

The home in Golden that Rita and I sold in 2022 had it all: super insulation, enough solar panels to reduce our monthly electric bill to \$8 (the cost of being connected to the grid), a hybrid heat pump HVAC system, a heat-pump water heater, a 240V outlet in the garage for charging our two EVs, and even a species of grass that required less watering and less mowing with our electric lawn mower.

Yet, when I sold the home, I only got "market value" for it. The buyer was happy to have all those features, but I can't say that she paid extra for them. That's all right — we enjoyed 10 years benefiting from most of those upgrades.

The MLS, like the appraisal industry, has never done a good job of valuing (or even measuring) the cost of ownership of a home. I remember attending a press conference with newly elected Senator Michael Bennet a decade ago, where he promoted the "SAVE Act," which stood for Sensible Appraising that Values Effi-

ciency (if I recall correctly), but I don't think anything came of that legislation.

The cost of ownership can vary dramatically based on the kind of improvements made on a home, and it makes sense that the cost of ownership should be reflected in the listing and purchase price, but it rarely is. And even if homebuyers do value energy efficiency, they won't get much help — even with the help of AI search engines — finding such homes to look at.

Last week I had an article here about [Homes.com](#)'s new "natural language" — artificial intelligence — search feature. I just entered "**Energy efficient 3-BR homes in Jefferson County**" and it produced over 1,000 listings. So I changed my search to "**Highly energy efficient 3-BR homes in Jefferson County**" and it produced zero listings. Then I tried "**Highly energy efficient homes in Jefferson County**," and it produced over 1,700 listings. I have to conclude that their "natural language" search feature needs some tweaking.

### Property Tax Is Another 'Cost of Ownership' Needing Consideration

Another topic I wrote about recently was Metropolitan Tax Districts, which impose mill levies that can double the property taxes of homes within their bor-

ders. The MLS has long required listings to include the most recent year's property tax bill. And more recently, it included a "yes/no" field for "Metro District," but without explaining how much the property tax bill is from the metro district.

I have lobbied REcolorado (the Denver MLS) for years to list the mill levy for each listing, not just the tax bill, but they still omit that important data point. Buyers see the total tax bill and may assume it's based on the value of the home, but let's compare the property tax bill of a home in the Candelas subdivision of northern Arvada which has a mill levy of 187 (90 of which are from the Vauxmont Metro District) with homes in a north Golden subdivision with no metro district and a mill levy of 90.7 mills — less than half. On a home valued at \$1.3 million in north Golden, the annual property tax is \$7,200. On a Candelas home valued by the same county assessor at \$814,000, the annual property tax bill is over \$9,800.

In Golden, the developer paid for the infrastructure (streets, water, sewer, etc.) but in metro districts, the developer makes the home buyer pay those costs in high-interest bonds for 30 or more years. Those continue for future buyers of those homes.

## Just Listed: Unique Home Near Lakewood CC



This 2-bedroom, 2-bath home is exceptional in every respect. Sitting on a three-sided lot at **7085 W. 8th Place** in the Green Acres subdivision, it is just a block from the Lakewood Country Club in one of the quieter and more serene subdivisions of Lakewood. Behind its 2-story windows is a stunning great room with a gas fireplace set into a dramatic brick chimney and hearth. A curved staircase leads up to a primary suite with three side-by-side walk-in closets. Built in 1969, this home is not the jewel it could be, which is why it is priced well below the value which every recognized valuation software assigns it. Find magazine-quality HDR photos, plus floor plans, aerial photos, an interactive photo tour, and my narrated video tour at [www.GRElistings.com](#), then come to the **open house this Sunday, from 11 a.m. to 1 p.m.** Expect to compete for this listing, because within a few hours of being available to show, we received a cash offer well over the asking price. You have time to attend the open house, because our acceptance deadline is Sunday evening. Or call Jim Swanson at 303-929-2727 to request a private showing.

**Jim Smith, Broker**  
**CENTURY 21 Golden Real Estate**

**303-525-1851**  
[Jim@GoldenRealEstate.com](mailto:Jim@GoldenRealEstate.com)



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## New Mexico Builder Abandons Natural Gas Connection

The *New York Times* recently featured a developer/builder in New Mexico who decided to save the \$3,000 cost per lot of connecting his new homes to the natural gas grid.

Metro Verde is a 2,200-acre development in Las Cruces, N.M., in the Chihuahuan Desert. As described in the *Times*' article, Metro Verde's lead developer, John Moscato, "decided four years ago that, whenever feasible, his company would no longer install natural gas lines for heating, hot water or cooking. While the initial roughly 2,500 homes at Metro Verde already had gas, the approximately 4,000 remaining sites would not."

In recent years, the efficiency of cold weather heat pumps has improved enough that this strategy works well in Colorado, but only Thrive Home Builders has converted to building only all-electric homes.

Their only Denver metro community is on the grounds of a former college, Loretto Heights, in southwest Denver. Their homes feature heat-pump HVAC and water heaters and are so well insulated and air-tight that they have ventilation units to bring fresh air into the house, improving

air quality at the same time.

Yet, the general public is so convinced that every home must have natural gas that Thrive's website doesn't even mention that aspect of their homes, promoting instead "health-forward, energy-efficient" homes in a "family-friendly" community.

To quote the *New York Times* article, "Unlike some municipalities that have banned new gas hookups for environmental reasons, Mr. Moscato quit gas because of the hassle and the costs. Forgoing gas saves his company \$3,000 per lot, and allowed it to deliver the sites to home-builders more quickly, lowering construction costs and yielding a faster investment return. His company is developing another all-electric community in Las Cruces that is expected to break ground later this year."

"If we had done this sooner, it would have been better," said Mr. Moscato, who was born in the Bronx and has developed thousands of home sites in and around Las Cruces since 1990. "But now that we're developing this way, we're very pleased."

I have posted a link to the *Times* article at <http://RealEstateToday.substack.com>.