



## **Three reasons renewable energy is reshaping NY's housing market- by Michael Sachse**

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More than a decade after the housing market crashed, ushering in the Great Recession and diminishing new home construction, there is suddenly an urgent need to expand New York's

housing market.

Most notably, the number of new homes built in New York increased by 7% since 2012, while the state's population grew by more than 10%. Meanwhile, New York state produced fewer apartments and homes than in the preceding decade, requiring builders to quickly ramp up development.

As part of this effort, Gov. Hochul announced an ambitious plan to invest \$25 billion to create and preserve 100,000 affordable homes throughout the state. Together, private development and public investment can go a long way to enhance housing availability.

It also presents a unique opportunity to outfit homes with sustainable energy solutions that support the country's urgent transition to renewable energy sources. For builders and buyers alike, the implications are enormous.

Here are three reasons renewable energy is reshaping the New York housing market.

1. Climate Implications: Homes use a lot of energy. Most prominently, a home's heating and cooling system consumes more energy than any other home appliance, and these units are contributing to climate change, adding 441 million tons of carbon dioxide to the atmosphere each year.

Today, nearly 25% of NY households use heating oil and other petroleum products to heat their homes. This is especially true for low-income households. According to one study, 84% of low-income NY residents use natural gas, propane, or fuel oil for heat, outpacing every other state.

As New York addresses its housing shortage, it has an opportunity to reverse this trend by building affordable new homes that rely on electric-powered heat pumps to keep homes comfortable without warming the planet.

An assessment by the US Department of Energy reports for example that of the different types of heat pumps available, geothermal or ground source heat pumps "can reduce energy use by 30%-60%, control humidity, are sturdy and reliable, and fit in a wide variety of homes."

New York's booming housing market gives builders and buyers an opportunity to deploy heating and cooling solutions at scale that supports the state's short and long-term energy goals and climate change pledges.

2. Cost Benefits: While minor appliances and day-to-day energy use cost money, heating and cooling is by far the most expensive, consuming one-third of the average family's monthly utility costs. What's more, these costs will continue to increase in the future. The US Energy Information Administration (EIA) estimates that families can expect a 30% increase in 2022, and ongoing geopolitical conflicts make these prices more likely to continue to rise.

In response, many buyers are placing a premium on green homes, which can sell for \$15,000 more than standard homes, as many buyers view renewable energy as an upgrade akin to a fancier

kitchen or better flooring.

While market conditions often change, it's estimated that homes outfitted with renewable energy sources sell for more than four % more than their fossil fuel-powered counterparts. Similarly, homes equipped with a heat pump can sell for seven % more than buildings without this technology.

A 2021 National Association of Realtors (NAR) survey found that homeowners are very or somewhat interested in sustainability, with utility costs having the most significant impact on people's buying decisions.

In other words, today's homebuyers know that renewable energy will reduce their costs today while giving them a more valuable asset when they want to sell in the future.

3. Regulatory Compliance: Beginning in December 2023, NYC builders will no longer be able to install natural gas lines on new constructions under seven stories, a standard that will impact New York state as soon as 2024.

The All-Electric Building Act is the state's opportunity to significantly impact its climate pledges by pressing builders to shift existing practices without degrading the buyer experience. Despite the challenges, it's an important solution to an imminent problem.

That's why, as New York grapples with and responds to its acute housing shortage, builders and buyers should prioritize renewable energy solutions, capitalizing on the climate implications, cost benefits, and regulatory compliance mandates to reorient the state's energy future.

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