



South
Bay

ASSOCIATION OF REALTORS®

March 24, 2009

Energy and Environment Committee, Los Angeles City Council
Councilmember Jan Perry, chair
Councilmember Eric Garcetti
Councilmember Tony Cárdenas
Councilmember Richard Alarcón
Councilmember Wendy Greuel
200 N. Spring St.
Los Angeles, CA 90012

Honorable Councilmembers:

The State of California and the City of Los Angeles are facing a major water crisis which calls for a comprehensive response. In fact, Governor Arnold Schwarzenegger has called for significant water conservation in his 20X2020 program, which seeks to achieve 20% reduction in water use per capita by 2020.

We applaud the Governor's and the Los Angeles City Council's leadership in preserving water reliability for ours and future generations. Council Motion 09-0510 ("Motion"), for consideration today by the Energy and Environment Committee, takes important steps forward by seeking to mitigate the impacts of water shortages on our region.

Nonetheless, the Motion also calls for studying the "feasibility of altering home re-sale requirements to facilitate the retrofitting of homes with water efficient plumbing fixtures." Due to the inherent inefficiencies in this practice, known as "Point-of-Sale", we respectfully submit that **such requirements as proposed in the Motion cannot help the City achieve the desired goal of water conservation and will not reach 20X2020's benchmarks, even as they drain critical resources away from the City's administrative and staffing budgets.**

Point-of-Sale Hampers City's Efforts to Reach the Goal. Historical records suggest that point-of-sale reaches only a small percentage of the City's housing stock. In 2006, barely 4% of all single family homes in the City of Los Angeles were sold*. In the best of circumstances, point-of-sale **would not ensure water conservation compliance with even half of the City's housing stock by 2020, just eleven years away.**

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Which is the Next Home That Will Be Sold Tomorrow? Due to the inherent nature of home sales – in any economic environment – it is impossible to determine just where or when the next home will be in escrow. This fact introduces significant and unmitigatable risks, costs, and inefficiencies for a public agency like the City of Los Angeles which seeks regional compliance for a mandate such as water conservation.

The California Association of REALTORS® estimates that in some real estate markets it takes approximately 15 years to overturn the bulk of the housing supply. While some homes bear the costs of retrofits, many other homes that may be in greater need of water efficiency will go unnoticed and unaddressed. In this way, point-of-sale transfers the cost and liability of the whole jurisdiction's need for shared conservation to a small and arbitrary subset of homeowners.

Liability and Time-Sensitive Transactions. In the short time-frame of escrow, buyers and sellers must seek bids and schedule contractors to replace plumbing fixtures in the home, and then seek a follow-up inspection, make any requested changes subsequent to a follow-up inspection, or otherwise show proof of compliance to complete a transaction. Such a process may add risk and cost to a transaction in a way that is inconsistent with the desire for more affordable and accessible housing in our region, all without taking measurable steps toward our water conservation goals.

Additionally, REALTORS® take their disclosure responsibilities seriously and have a good track record of performance. Nonetheless, REALTORS® do not have the training or certification to be “water cops” nor will they be the guarantors of a contractor's or expert's work product.

In keeping with the goals of 20X2020, we respectfully suggest that the City Council consider alternative means to achieve true water conservation. The REALTOR® community seeks to be a part of the solution and is working to help craft such solutions, including the use of grant programs, cost-avoidance financing, and even citywide outreach to residents in order to reach all homes in the city.

Thank you for your consideration of this important matter and we look forward to continuing dialogue on how best to foster true water conservation in the most efficient and effective means possible.

Kind regards,


David Kissinger
Director of Government Affairs

* Sources: DataQuick / U.S. Census Bureau.