CALIFORNIA ASSOCIATION OF REALTORS®

April 6, 2016

Department of Water Resources
Independent Technical Panel
Water Use Efficiency Branch
SB X7-7 Program
P.O. Box 942836
Sacramento, CA 94236-0001

Email: julie.saare-edmonds@water.ca.gov

RE: Independent Technical Panel on Demand Management Measures Public Draft Report Recommendations Report to the Legislature On Landscape Water Use Efficiency

Members of the Independent Technical Panel:

Thank you for the opportunity to provide comments on the Public Draft Report (Report). The California Association of REALTORS® (C.A.R.) seeks to be a valuable contributor in the development of policies and recommendations related to improving water efficiency in the existing building stock.

C.A.R. believes the existing regulations imposed by local water suppliers on residential and commercial property owners have already resulted in significant water use reductions and that any future regulations should be determined at the local level. C.A.R. standard forms already include a "Statewide Buyer and Seller Advisory", which recommends buyers contact their water supplier regarding current or anticipated policies on water usage; this document establishes a single source of information and point of contact for prospective buyers and is provided in most if not all transactions managed by REALTORS®. The addition of the new requirements at the state level, particularly those proposed in Sections 5 and 7 would cause confusion among property owners and prospective buyers, delays in the transaction process and decreased housing affordability. As a result of these concerns, C.A.R. cannot support the recommendations contained in the Report.

Section 5, Recommendation #1: Time-of-Sale Mandates Will Not Achieve Desired Result

C.A.R. is concerned that requiring a home inspector to inspect the irrigation system at the time-of-sale would increase the cost and time associated with the home inspection and could potentially jeopardize the sale of a property. C.A.R. believes that home inspectors are not qualified to inspect irrigation systems and as a result would not property address the Panel's goal of reducing water use. Time-of-sale mandates fail to have a measureable impact in a timely manner. Before the Great Recession (2001-2006) housing turned over (or was sold) on average every 16 years. Today, according to our Research and Economics Department, average housing turnover now occurs every 22.2 years due to a lack of credit availability and continued instability in the housing market.

Section 5, Recommendation #2: Increases Burdens on Property Sellers

Sellers are already required to disclose to potential buyers any re-occurring reporting requirements on the property prior to the sale of the home. C.A.R. believes that any additional reporting requirements would create an increased burden on sellers, causing additional delays during the sales process of a home and an increase in litigation.

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Section 7, Recommendation #2: Permitting and Inspection Requirements Decrease Housing Affordability
C.A.R. is concerned that mandating local water suppliers to require a permit and inspection program for irrigation systems would greatly increase costs associated with purchasing and owning a home. According to a recent Legislative Analyst Office (LAO) Report (California's High Housing Costs: Causes and Consequences, released on March 17, 2015) "Housing is more expensive in California than just about anywhere else." "As of early-2015, the typical California home cost $437,000, more than double the typical U.S. home ($179,000)." Instead, C.A.R. recommends that the Draft Report containing language allowing local governments and water suppliers to adopt programs suitable for their communities.

The California Association of REALTORS® looks forward to collaborating with the Department, its staff and other key stakeholders to develop a comprehensive statewide program to improve landscape water efficiency in all California homes and structures.

Sincerely,

Jennifer Svec,
Legislative Advocate
California Association of REALTORS®