

To: CPC  
From: Stu Green, Climate and Energy Analyst  
Re: Policy recommendation for CEAP action BE-2-2, Draft Home Energy Score Proposal  
Date: 10/07/21

## **SUMMARY**

This document outlines a policy for residential energy performance rating and disclosure similar to policies established in other Oregon cities. Under this policy, most single family homes listed for sale would be required to obtain a home energy performance report and disclose it to prospective buyers. (For clarity, this report will refer to the “Home Energy Score”, which is a type of residential energy performance rating that has been approved by the State of Oregon.)

The purpose of a Home Energy Score is to provide information to homebuyers about residential building energy performance. This information is designed to enable more knowledgeable decisions about the full costs of operating homes and to motivate investments in home improvements that lower utility bills, reduce carbon emissions, and increase comfort, safety, and health for home owners. Home Energy Scores are low-cost (around \$125 per home), are administered by a state-certified assessor, and take about an hour. In addition to a numerical score, the complete Home Energy Score Report supplies information about the home’s projected operational costs, likely carbon emissions, and suggestions for cost-effective improvements.

The Home Energy Score was developed by the United States Department of Energy and was designed to improve housing stock, increase energy efficiency, and reduce environmental impacts. The State of Oregon endorses the Home Energy Score, and it has been adopted by several Oregon cities, including Portland, Milwaukie, and Hillsboro. The Home Energy Score has a proven track record and is among the lowest-cost policy options to decrease energy use and protect Ashland residents from unnecessary energy burden. Any resident or homeowner can choose to get a Home Energy Score and the associated benefits.

## **POLICIES, PLANS & GOALS SUPPORTED**

- Direction for the Home Energy Score is specifically outline in Ashland’s Climate and Energy Action Plan
  - BE-2-2. Require building energy scores to identify and incentivize cost-effective energy efficiency improvements.
- Home Energy Scores support the following elements of the Ashland’s [Climate and Energy Action Plan](#)
  - Overall Goal 1: Reduce Community GHG Emissions.
  - Overall Goal 2. Prepare Ashland to be more resilient to climate change.
  - Strategy BE-1. Support cleaner energy sources.
  - Strategy BE-2. Encourage increased building energy efficiency.
  - Strategy BE-4. Improve demand management.
  - Strategy CC-1. Educate and empower the public.
  - Strategy CM-1. Reduce consumption of carbon-intensive goods and services.

- Strategy CM-2. Support sustainable and accessible local production and consumption.
- Strategy PHSW-2. Promote a sustainable local economy that minimizes emissions and vulnerability.
- Supports all [City of Ashland conservation and sustainability programs](#)
- Comprehensive Plan –
  - Housing Element 6.08. Environmental stewardship and sustainability
    - Policy 20: Promote building and site design that supports energy efficiency, renewable energy generation, and water conservation in new residential developments.

## **BACKGROUND AND ADDITIONAL INFORMATION**

### **How does this policy work?**

Prior to publicly listing any covered building for sale, the seller of a covered building, or the seller's designated representative, must:

- A. Obtain a home energy performance report of such building from a state certified home energy assessor; and,
- B. Provide a copy of the home energy performance report: to all licensed real estate agents working on the seller's behalf; and to prospective buyers who visit the home while it is listed publicly for sale; and,
- C. Maintain a copy of the home energy performance report available for review by City Manager upon request for quality assurance and evaluation of policy compliance.
- D. Include the Home Energy Performance Score in all real estate listings, including the Home Energy Performance Report if attachments are accepted by the listing service.

### **Why use a Home Energy Score?**

A home's energy use is hard to see. The efficiency of a home's assets aren't always apparent, and the information provided isn't always understandable. Home Energy Scores help homeowners and homebuyers better understand a home's energy use, and how even small improvements can make a big difference in energy savings. Equipped with this information, residents can make more informed decisions about the homes they purchase and occupy.

### **What is a Home Energy Score?**

Like a miles-per-gallon rating for a car, the Home Energy Score is a quick and simple tool to help homeowners and buyers gain useful information about a home's energy use. Based on an assessment completed in about an hour, the Home Energy Score not only lets a homeowner or buyer understand how efficient the home is and how it compares to others, but also provides recommendations on how to cost-effectively improve the home's energy efficiency.

The Home Energy Score uses a simple 1 through 10 scale where a 10 represents the most energy-efficient homes. The score was designed to be easily understood and to tap into people's desire to improve their score and to outperform their peers. In addition to the energy score, the homeowner also receives estimates of the home's energy costs, carbon footprint, potential savings from upgrades, and practical improvement recommendations. The report shows lower-cost repairs you can implement first and list bigger projects to tackle later. A home energy score is based on the physical characteristics of the house; it is not a

measurement of the home's actual energy usage, which is influenced by occupant behavior and number of occupants.

Choosing to upgrade a home results in energy savings that pay back the investment. Some upgrades pay back within a few years and provide ongoing savings. Some upgrades will take longer to pay back but often add overall value to your home.

### **Features of the Home Energy Score**

- An energy efficiency score based on the home's envelope (foundation, roof, walls, insulation, windows) and heating, cooling, and hot water systems
- A total energy use estimate, as well as estimates by fuel type assuming standard operating conditions and occupant behavior
- Recommendations for cost-effective improvements and associated annual cost savings estimates
- A "Score with Improvements" reflecting the home's expected score if cost-effective improvements are implemented
- Shown on a simple one-to-ten scale, where a ten represents the most efficient homes.

### **Why does a home energy score matter?**

- Helps homebuyers, sellers, and owners have access to information on home energy use that is credible, comparable, and easy to understand.
- A home energy score at the time of listing increases market transparency by allowing new home buyers to have insight into the full costs of owning a home.
- Encourages use of reliable, consistent home energy efficiency information in real estate transactions to inform decisions, and build market value for comfortable, energy efficient homes.
- Helps integrate energy information into financing products to help drive the market for comfortable, energy efficient homes.
- Supports the Climate and Energy Action Plan by reducing residential carbon emissions--one of the largest emissions sources in Ashland.

### **Who would need to get a Home Energy Score?**

Certain homes publicly listed for sale after Jan. 1, 202X within the tax limits of the City of Ashland would require a home energy score at the time of listing. A home energy report and score is required if the home is:

- Located within the Ashland jurisdictional boundary.
- Detached single-dwelling unit on its own lot.
- Attached unit, such as a row house, duplex, condominium or a townhouse, regardless of whether or not the unit is on its own lot. Typically, these building types own the space from the foundation to the attic.

### **Exceptions to the Home Energy Score Program**

Not all homes need a Home Energy Score at time of listing. Review the list below to see what building types are not included in the Home Energy Score program.

Housing types NOT covered by the program include:

- Manufactured homes.
- Mobile homes.

- Multiple housing units that are vertically stacked, such as a two-story four-plex, or an apartment building or condo where the unit owner does not own the space from the foundation to the attic.
- Detached accessory residential units (ARUs).
- Single-dwelling units used primarily for commercial purposes.

### **How does a score mean?**

If your home scores a 5, it is expected to perform comparably to an average home in terms of energy use. If your home scores a 10, it ranks among the 10 percent of homes expected to use the least amount of energy. A home scoring a 1 is estimated to consume more energy each year than 85 percent of homes.

Scoring a 1 does not mean your home is poorly built. A beautiful home with up-to-date equipment can still get a low score if the square footage is high or if there is insufficient insulation. A low score just means there is significant room for improvement to reduce a home's energy use. Scoring a 10 does not mean your home cannot improve. Even a home that uses less energy than most of its peers may benefit from additional energy efficiency or renewable energy investments.

### **What types of homes can get a Home Energy Score?**

Single-family homes, townhouses, and duplexes can receive a Home Energy Score. The Home Energy Score cannot be used for multifamily and mobile homes.

### **Who uses the Home Energy Score?**

The Home Energy Score was developed by the US Department of Energy and its national laboratories with the intent to improve U.S. housing stock energy performance, lower costs, increase comfort, and make efficient use of natural resources.

The Oregon Department of Energy endorses the Home Energy Score and seeks to expand its use within the state. Oregon cities that have adopted the Home Energy Score include: Portland (2018), Milwaukie (2020), and Hillsboro(2021). Corvallis, Bend, and Hood River are considering Home Energy Score policies.

Outside of Oregon, Home Energy Score policies have been adopted by Berkeley, CA; Boulder, CO; Santa Fe, NM, and Austin, TX (among others).

### **How do you get a Home Energy Score?**

1. Homeowner contacts a certified assessor to schedule a home assessment.
2. The assessor evaluates a home's performance and issues a score, similar to the bright yellow Energy Guide label found on home appliances. The assessor will look for air leaks, check insulation levels, inspect windows and doors, make sure heating and cooling systems are well-maintained, check lighting, and more.
3. After the assessor reviews your home, the homeowner receives a home energy report. The report walks through a home's score and recommended improvements to save energy and money.
4. For homes being listed, the assessor will upload the Energy Score to a regional database for easy use by the realtors and homebuyers.

### **How much does a Home Energy Score cost?**

In its first 30 months, the City of Portland's program logged more than 20,000 Home Energy Scores with an average cost of \$125 per score.

### **When would this program take effect?**

Staff and Climate Policy Commission recommend the Home Energy Score program take effect within 6-12 months of approval. This recommendation is based on consultations with state agencies and other cities who have enacted similar requirements.

### **Who calculates the Home Energy Score?**

A home energy assessor is an individual who assigns residential buildings a home energy performance score using a scoring system adopted by the Oregon Department of Energy. Individuals providing this service must be certified by the Oregon Construction Contractors Board (CCB) after completing the training approved by the Oregon Department of Energy.

### **Are there enough Certified Home Energy Assessors in Southern Oregon?**

As of September, 2021 there are no Home Energy Score assessors within Ashland city limits. One local business received training, but stopped work in the market due to lack of activity. Past examples of Oregon policy and program launches have demonstrated that once a policy is being considered, local interest increases to support the foreseen demand. Without a mandatory policy there is very limited demand for Home Energy Scores. When City of Portland indicated it would pursue a mandatory policy, Oregon Department of Energy received numerous requests to become a state certified Assessor. As of September, 2021, 278 have completed the state certification process, with roughly 65 being currently active. This is a clear example of policy driving the market response.

### **How many Certified Home Energy Assessors would be needed to serve Ashland?**

Oregon Department of Energy suggests a mandatory policy that is triggered into action based on a listing of homes, and they review the average home sales volume per year to estimate the number of Assessors needed statewide. Home scores can be conducted and entered into the system within 1.5 to 2 hours. This enables each Assessor to conduct and estimated 4-5 assessments each day. One Assessor working "full time" could produce 25 scores/week or 1,200 scores per year.

Oregon Department of Energy suggests a minimum of 3-4 Assessors be trained and available in the Ashland area, once a mandatory policy is in place. These could be professionals who add scoring to their current work in other areas or a full time focus on scoring alone. In the Portland market, one realtor changed their entire business focus from real estate sales to Home Energy Scores. Staff could identify local businesses who conduct weatherization, insulation, and home inspections to determine interest in Home Energy Scoring as an additional service.

### **What types of businesses are predisposed to offer Home Energy Scores / Who can easily become a Certified Home Energy Assessors?**

Many Home Inspectors find energy scoring to fit in with their home inspection business offering. Their understanding of residential structures and component operation provide them a foundational understanding of building science. Weatherization and insulation contractors also find this work to be easily added to their business lines. Although the state attempts to make access to certification simple and low cost, there are

requirements that need to be met to ensure accuracy and consistency of scores as well as integrity of the profession.

### **What is needed to become Certified Home Energy Assessor?**

To become a certified home energy assessor, individuals must pass a training program approved by the Oregon Department of Energy. Oregon law requires the assessor associate their certification with a business licensed by the Construction Contractors Board before performing home energy assessor services. The business may be licensed as a residential contractor; or, if the business is exclusively conducting home energy performance scoring, it can be licensed with CCB as a home energy performance score contractor. For more information, please visit the training link in the resources lists at the end of this document.

### **Why not use a voluntary Home Energy Score program?**

Evidence demonstrates the need for mandatory policies, to drive scoring activity and upgrades. Home energy scoring is much like radon detection. Tests for radon were not actively being conducted until they became a part of real estate requirements for home sales.

Please see the City of Austin study (in resource list below) for a full explanation. Outcomes of the study are here:

- Residential disclosure policy significantly increases the capitalization of energy efficiency into housing transactions.
- Home buyers are not obtaining full information about homes energy efficiency from other sources.
- Disclosure policy successfully encourages investments in energy efficiency technologies by homeowners.
- Disclosure policy increases investments made by both sellers and buyers.
- Government intervention addresses the market failure of there being incomplete information in housing transactions of the energy performance of homes.
- Sellers tend to be unaware of the relative efficiency of their own home. They may know they have efficiency attributes but are unaware of how they compare.
- This lack of knowledge on relative performance causes the seller to avoid voluntary disclosure.

### **How has the Portland-area real estate market responded to Home Energy Scores?**

According to Oregon Department of Energy, during the initial years (2016-2018) of implementing Home Energy Score policies in Oregon, the real estate industry responded negatively to the policy. Throughout that period additional education and training was provided to help realtors understand energy efficiency and scoring. This training is ongoing today. Many realtors are now not only attending training with interest, but becoming advocates to home energy scoring. Some realtors are seeing energy efficiency as a market differentiator enabling them to offer clients additional information and expertise. While Portland received significant push-back from realtors in 2016-2018 period, Milwaukie and Hillsboro's policies have had more support. Nationally, the National Association of Realtors has eliminated their stance of opposition toward energy disclosure.

### **Who will enforce a Home Energy Score requirement?**

City staff will enforce the Home Energy Score requirement.

**FISCAL IMPACTS**

<Stu to insert data>

**DISCUSSION QUESTIONS / SUGGESTED NEXT STEPS**

- Should staff and CPC engage the local real estate professional association in developing policy implementation details?
- Should staff and CPC engage with potential local home energy assessors to gauge interest and help develop policy implementation details?

**REFERENCES & ATTACHMENTS**

- Home Energy Score – Sample Report  
[https://www.energy.gov/sites/prod/files/2016/03/f30/v2015\\_HEScore\\_BB\\_example\\_12-15-15.pdf](https://www.energy.gov/sites/prod/files/2016/03/f30/v2015_HEScore_BB_example_12-15-15.pdf)
- Better Buildings – About the Home Energy Score  
<https://betterbuildingsolutioncenter.energy.gov/home-energy-score/home-energy-score-about-score>
- Better Buildings – Home Energy Score FAQ  
<https://betterbuildingsolutioncenter.energy.gov/home-energy-score/home-energy-score-faqs>
- Oregon Department of Energy – Home Energy Score Program  
<https://www.oregon.gov/energy/save-energy/Pages/HEPS.aspx>
- Portland, OR – Home Energy Score Program  
<https://www.pdxhes.com/>
- Milwaukie, OR – Home Energy Score Program  
<https://www.milwaukieoregon.gov/sustainability/hes-and-homeowners-2>
- City of Portland – Home Energy Score 30 Month Program Report  
<https://www.portland.gov/sites/default/files/2020/report-to-portland-city-council-on-residential-energy-performance-rating-and-disclosure-ordinance-no.-188143.pdf>
- Enhabit slideshow  
<https://world.350.org/deschutes/files/2018/08/Home-Energy-Score.pdf>
- Earth Advantage – Realtor Perspectives  
<https://www.oregon.gov/energy/Get-Involved/Documents/2021-04-01-HES-Realtors-Perspectives-Piece.pdf>
- Oregon Construction Contractors Board – Home Energy Assessor Certification  
<https://www.oregon.gov/CCB/licensing/Pages/homeenergyassessor.aspx>
- Austin Study – Effects of Mandatory Energy Efficiency Disclosure in Housing Markets  
[file:///home/chronos/u-0ba1f777a8306e596a048a71f311eeee5952c628/MyFiles/Downloads/Austin\\_Study.pdf](file:///home/chronos/u-0ba1f777a8306e596a048a71f311eeee5952c628/MyFiles/Downloads/Austin_Study.pdf)