

Information for Newton City Councilors about home energy scoring and disclosure programs. October 28, 2019

Halina Brown, on behalf of the Newton Citizens Commission on Energy

ABBREVIATIONS

***NEEP Northeastern Energy Efficiency Partnership**, a non-profit NEEP's partners include state and local policy makers, industry players and business interests, efficiency and clean energy advocates, and efficiency program administrators. There are 6 such organizations nationwide, partly supported by DOE*

***BESA Building Energy Savings Ordinance**, Berkeley*

***ACEEE the American Council for Energy Efficient Economy** – a Non-profit incorporated in California. Funding from foundations, utilities, corporations, government*

HES Home Energy Score

HEA Home Energy Assessment

1. Recommendations:

The Portland program is the most appropriate for Newton to emulate. In fact , I would not make any changes.

Proposed language for the Newton Climate Action Plan

Work with City Council to adopt an ordinance requiring owners of residential properties in buildings with 1-4 units to disclose at the time of listing for sale a standardized and third-party-verified energy score of each residence. Explore the possibility of listing energy performance score in a publically-accessible database.

2. Cities that currently have or are developing requirements to disclose energy performance in real estate transactions:

Minneapolis, MN	Ordinance passed in 2019, expected rolling out in 2021
Montpelier VT	Under development. Early stages
Portland, OR	2018
Berkeley, CA	2015
Austin, TX	2008

NEEP Review of city programs

<file:///C:/Users/Halina%20Brown/Desktop/Scorecard/NEEP%20Review-City%20Residential%20Labeling%20Ordinances-Sept2019.pdf>

NEEP Guide for Policymakers

<file:///C:/Users/Halina%20Brown/Desktop/Scorecard/NEEP-Guide%20of%20policymakers-residential%20energy%20benchmarking-Jun2019.pdf>

ACEEE Guide for Policymakers <https://aceee.org/sites/default/files/pdf/topic-home-energy-assessment.pdf>

3. Impact of disclosure programs on home selling price?

I have seen an estimate of 2.5% higher for high energy performance, but I have not seen original research in support of this estimate.

4. City of Portland, Oregon; Home Energy Score

Established with an ordinance by the City Council in 2016, with a unanimous vote.

<https://www.portlandoregon.gov/bps/article/620857>

<https://www.portlandoregon.gov/bps/article/661027>

No state-level enabling legislation. No state-level prohibitions. Took effect on January 1, 2018

For overview and details: <https://www.portlandoregon.gov/bps/71421>;

Municipalities that want to adopt such a program must comply with the rules developed by the Oregon Department of Energy DOE. <https://www.portlandoregon.gov/bps/article/706959>

These rules tightly regulate all aspects of the Portland program.

<https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=1091>

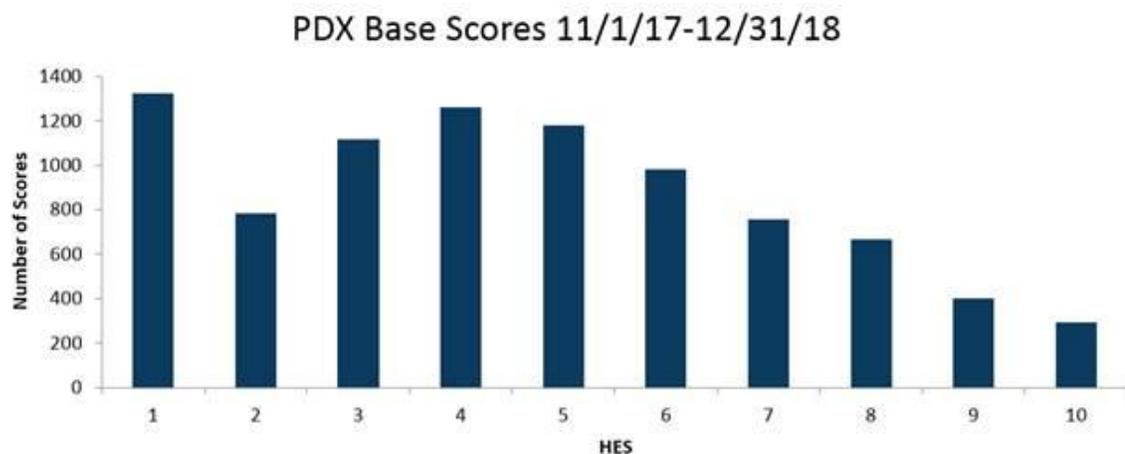
Excellent website: www.pdxhes.com. For sellers, the website explains the necessary actions for completing the requirement and answers questions about logistics, how to get a home assessed and how to improve scores. Buyers are guided through the Home Energy Report and are prompted to wrap energy improvement projects into financing. Real-estate professionals can learn how to make the new policy work effortlessly for their clients and how to post scores online. Builders can find information about how to obtain a score based on construction plans and possible exemptions and waivers. The website is also a place to find out how to become a Home Energy Assessor. They have tutorials and even FAQ for hot button questions.

Key features:

- The program applies to single family homes.
- Home Energy Assessment is conducted by a licensed assessor; takes 1-1.5 hr, produces HES (Shelf life 8 years). Sample of a Score:

<https://www.portlandoregon.gov/bps/article/657789>

- Cost: \$150-200, driven entirely by market. Paid by the homeowner,
- The Score must be disclosed at the time of listing the property for sale. Score must be displayed during open houses in a prominent place.
- Realtors like the third party verification of the Score. Survey of realtors: 71% consider energy performance of homes to be important but most feel uncomfortable explaining it to clients. The Score does this job for them.
- Fines for non-compliance
- The real estate community registered some opposition but ultimately went along when their concerns were addressed.
- High level of approval among home owners.
- Scores are listed in Green Building Registry, publically accessible
<https://map.greenbuildingregistry.com/>
- Results so far: 1 is worst, 10 is best. Avg 4.5; Avg after upgrades 7.2; Avg \$\$ savings after upgrades: \$300;



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5. Berkeley, CA

<https://www.berkeleyside.com/2014/12/04/berkeley-property-owners-to-pony-up-for-energy-audits>

All buildings in Berkeley are required to obtain an energy score, including single family residences. The cost for a single family residence: \$79 registration plus \$300 for energy assessment. Shelf life of an assessment and score: 8-10 years.

Notes from research by Puja Vohra:

Phone call summary: (I have my notes so if you have more questions, ask me and I will see if I was able to gather during my call with them)

- Right now they include home reports only at **point of sale and not in listing**. They do want to move to the listing method going forward because they think that has more influence in bringing about a change than at point of sale. They have been using Portland model for their ordinance.
- Another one they have been closely following is city of Minneapolis who will have an executed ordinance by Jan of next year.
- They haven't started collecting information on statistics yet but they shared Portland's attached data collection summary.
- Their home scores are a modified version of the DOE HERs scores, that includes additional metric for GHG emission reductions since they are pushing for electrification.
- The cost of home report is roughly \$200 to \$400/report which the home owner bears the cost for. Since it is a mandatory requirement, no incentives can be used for this purpose.
- During ordinance development days (back in 2015) there was opposition from realtors but the city held ground and pushed for this ordinance as a way to meet their GHG reduction goals.

https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Energy_and_Sustainable_Development/BESOordinanceUpdated_20170329.pdf

6. Austin, TX

Energy Conservation Audit and Disclosure Program. <https://austinenergy.com/ae/energy-efficiency/ecad-ordinance/ecad-for-residential-customers/ecad-for-residential-customers>

The Energy Conservation Audit and Disclosure (ECAD) ordinance was passed in 2008.

<https://austinenergy.com/wcm/connect/c8814cf7-e1a4-4d6f-8257-88445444f40c/ECADChap6-7EnergyConservation.pdf?MOD=AJPERES&CVID=mNOa26F> It requires that before the sale of their home, owners of a residential building must disclose a home energy audit. Disclosure must take place **at least three days before the expiration of the Option to withdraw** from the contract.

Applies to buildings at least 10 years old, with 1-4 residences. There are separate disclosure requirements for buildings with 5 or more units.

The ECAD audit is a multi-page form that includes the evaluation of the audited home components, recommendations for energy-efficiency upgrades, and information about financing and rebate options. Cost: up to \$300 for an 1800sf house. More for larger houses.

The Austin City Council appointed Austin Energy to implement and manage the Austin ECAD ordinance. Austin Energy (which is a publicly owned utility and functions as a City department) verifies that ECAD auditors who are certified and registered. Austin Energy also collects and maintains ECAD audit records.

7. Minneapolis

<https://www.mplsrealtor.com/2019/01/02/minneapolis-proposal-adds-residential-energy-scoring-disclosures-to-tish/>

<https://energynews.us/2019/02/14/midwest/minneapolis-looks-to-residential-energy-disclosure-ordinance-to-cut-emissions/>

The Minneapolis City Council has an ordinance that would add Residential Energy Scoring Disclosure requirements to the Truth-In-Sale of Housing, and Truth in leasing.

Based on the US DOE scoring system, on a scale of 1-100. Disclosure as part of the standard home inspection. Additional cost of the inspection, now \$275, is estimated (by a realtors' organization) to increase by as much as \$200 or more.

PPT by a realtors' organization. https://www.mplsrealtor.com/wp-content/uploads/Energy_disclosure_MHA_2018.10.11_realtors_evaluators.pdf

8. Massachusetts

The **energy audit is free through MassSave**. Starting in spring 2020, a **free Scorecard** will be provided with each energy audit. No other city we researched offers these services for free. The market price of a Scorecard is \$150-200. The waiting time for an audit is between 1 and 6 weeks, depending on the time of year.

The power of a Scorecard disclosure is magnified by its public listing in a publically-accessible data base. Unfortunately, our research indicates that it is not legally possible in Massachusetts. The only publically available rating system is HERS rating for new construction.