Residential Energy Performance Rating and Disclosure

Olympia City Council

March 24, 2026

CLIMATE ACTION AND RESILIENCE

Olympia™

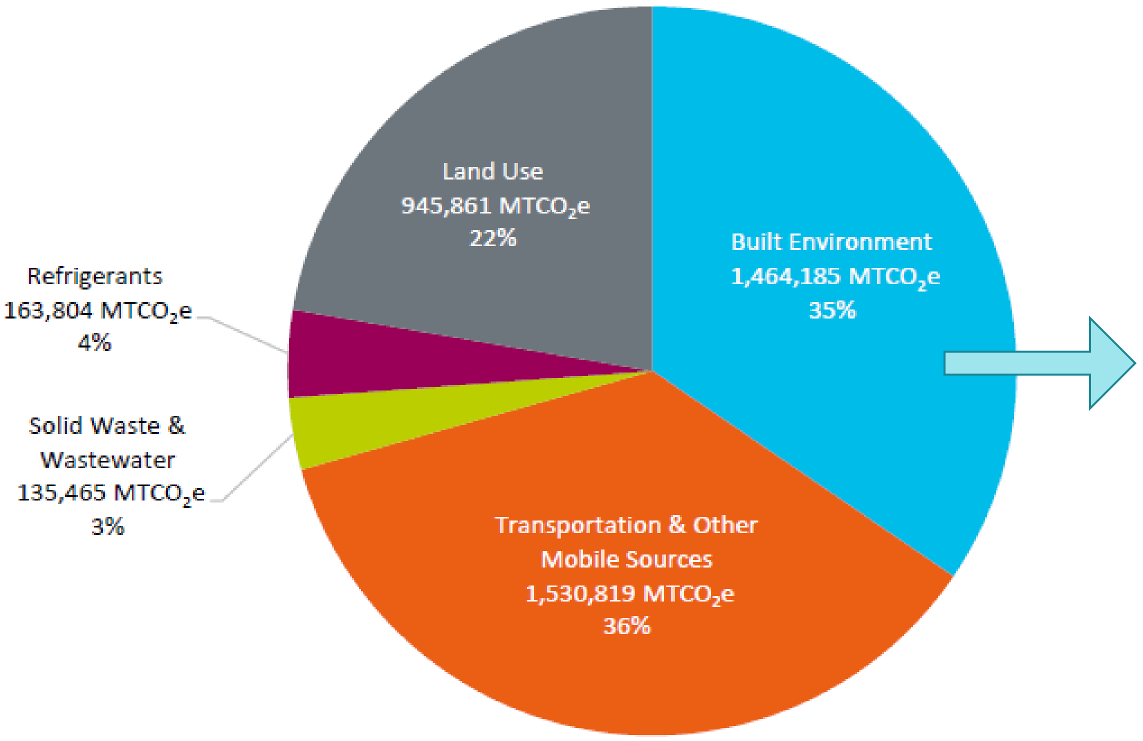
Agenda

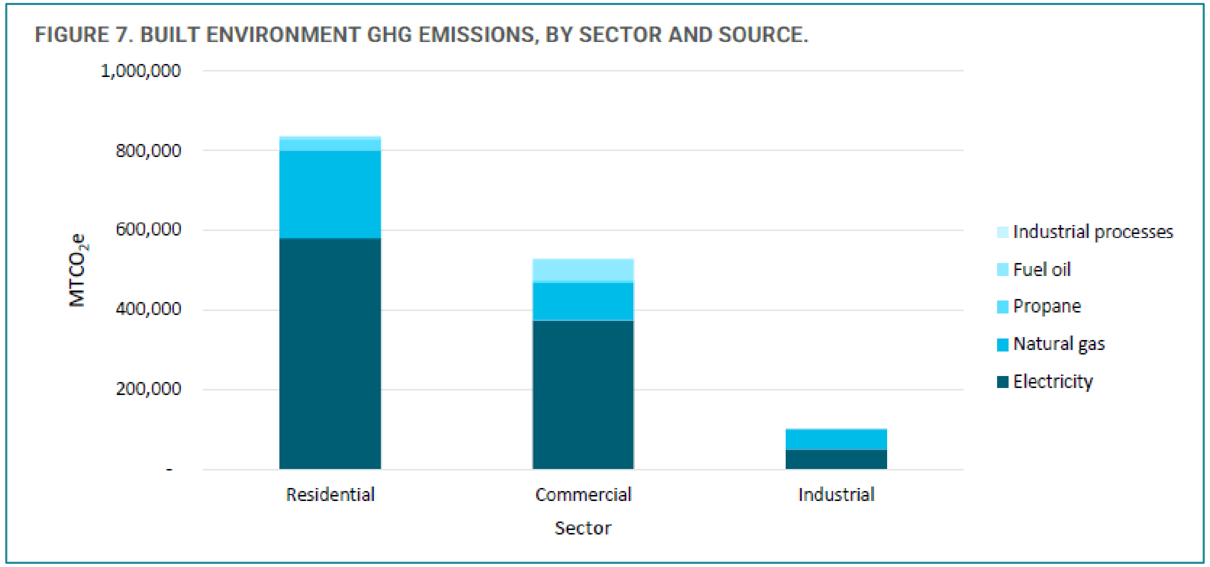
- Background
- Home Energy Score
- Policy Development
- Program Implementation
- Frequently Asked Questions
- Recommended Action

Background

The City of Olympia has set a goal to achieve net-zero emissions by 2040.

Greenhouse Gas Emissions Sources





Source: Thurston County 2022 Greenhouse Gas Emission Analysis, WA Department of Commerce

Building Blocks to Net Zero

Produce 100% renewable energy	Add 17.6 MW of rooftop solar	**Electrify and improve energy efficiency in 100% of buildings**
Reduce vehicle miles traveled 20%	Electrify 100% of passenger vehicles	Reduce solid waste generation 50%

Olympia Comprehensive Plan

PL5.5 Partner with regional jurisdictions to develop and implement a local policy for assessment and disclosure of residential energy performance ratings at the time of lease, sale, or rent.

Thurston Climate Mitigation Plan

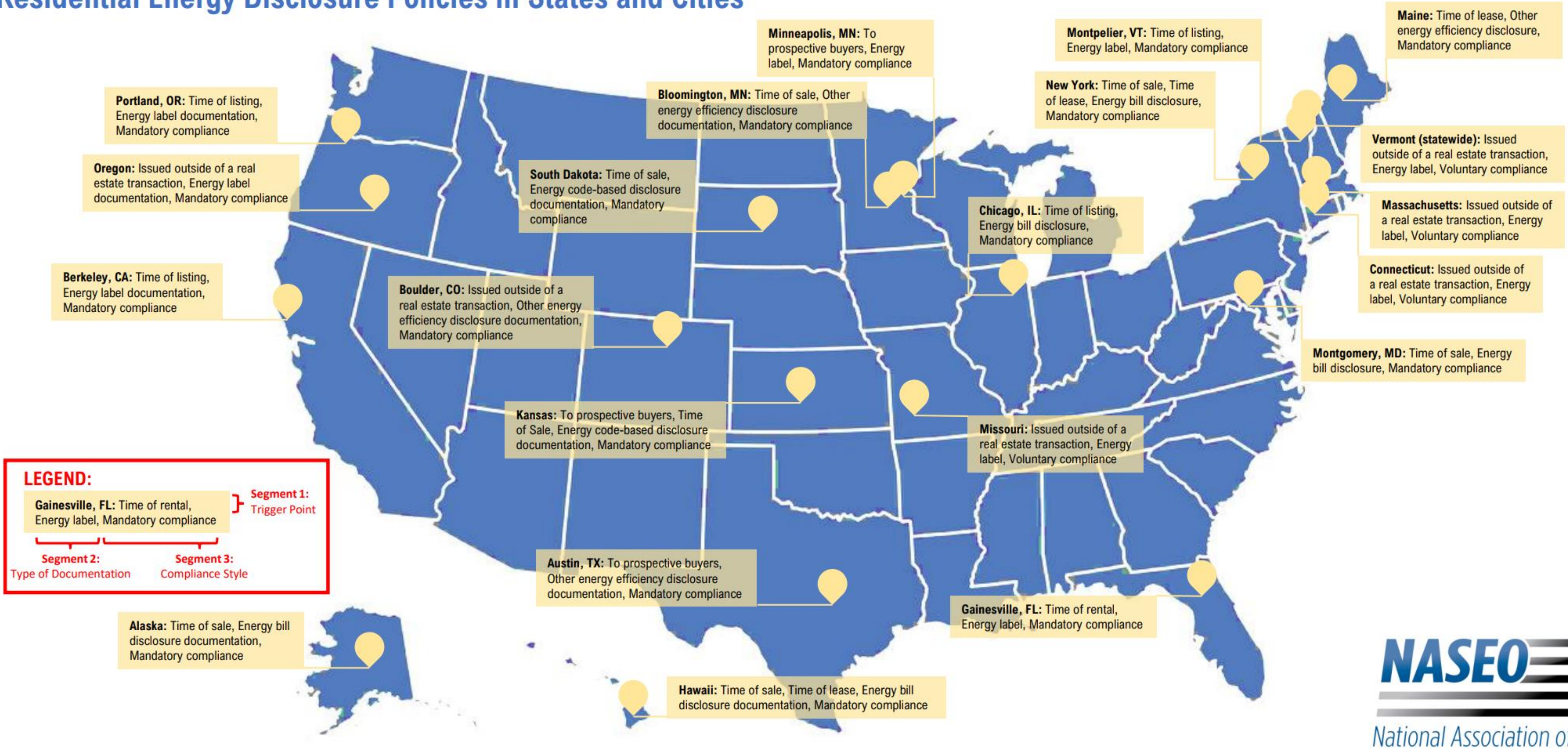
B1.1 Residential Energy Performance Ratings

Require energy performance ratings and disclosures for homes at time of sale, lease, or rent so that owners, tenants, and prospective buyers are informed before making purchasing or rental decisions.

B1.2 Residential Energy Assessments

Develop and adopt policies that require residential properties to undertake an energy assessment at the time of sale or during a substantial remodel.

Residential Energy Disclosure Policies in States and Cities



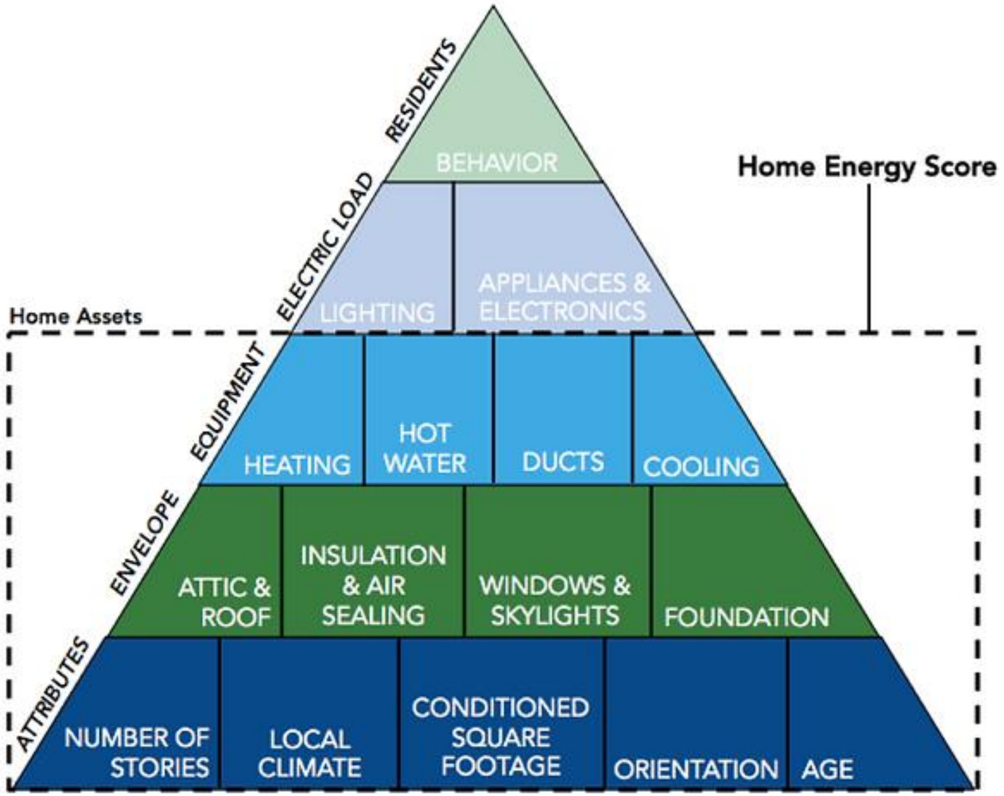
NASEO

National Association of State Energy Officials

Home Energy Score (HES)

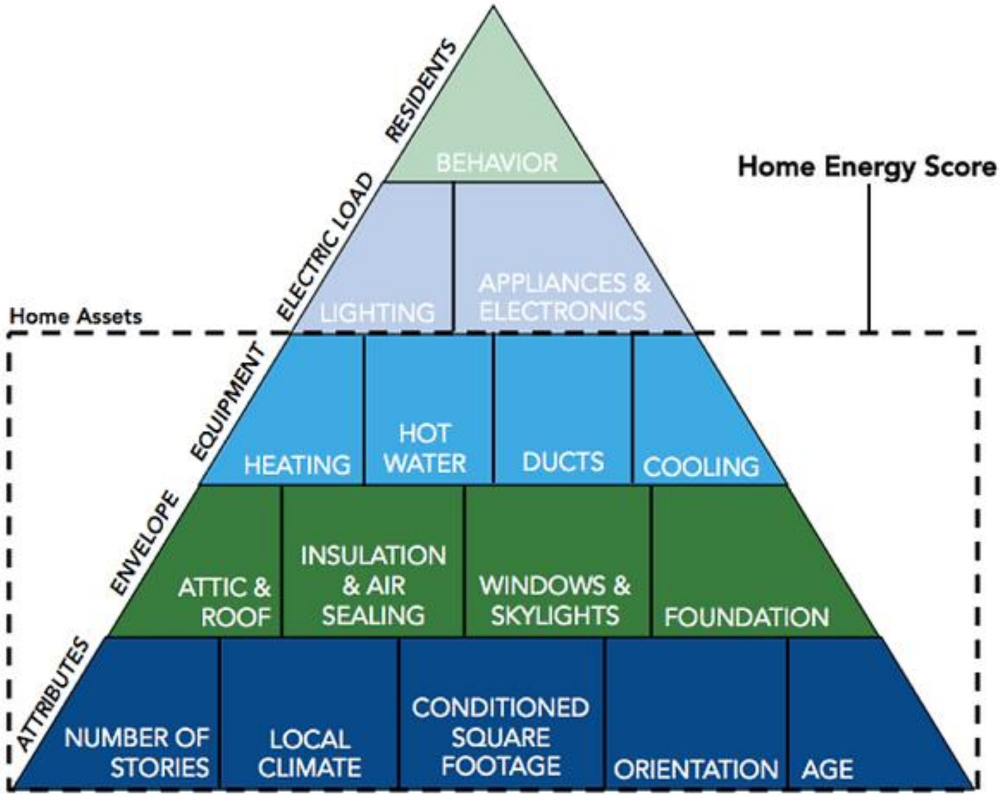
Home Energy Score (HES)

- Nationally standardized home energy rating tool
- Administered by the US Department of Energy
- Typically take 1 hour to complete
- Cost about $150 - $350 per assessment



Home Energy Score (HES)

- Asset-Based Rating: Evaluates fixed, physical characteristics of the home
- Assessment is independent of occupant behavior
- Provides standardized rating and estimated annual energy costs, which can be easily compared across homes
- Provides recommended "cost-effective" upgrades with 10-year payback or less



HES Sample Report

City of Portland
HOME ENERGY SCORE

U.S. DEPARTMENT OF ENERGY

THIS HOME'S SCORE **3** OUT OF 10

THIS HOME'S ESTIMATED
ENERGY COSTS
$1,233
PER YEAR

HOME PROFILE

LOCATION:
123 Main St
Portland, OR 97201

YEAR BUILT:
1924

HEATED FLOOR AREA:
1,500 sq. ft.

NUMBER OF BEDROOMS:
3

ASSESSMENT

ASSESSMENT DATE:
12/22/2016

EXPIRATION DATE:
12/22/2018

ASSESSOR:
Maria Gomez
Gomez Energy Partners

PHONE:
503-555-1211

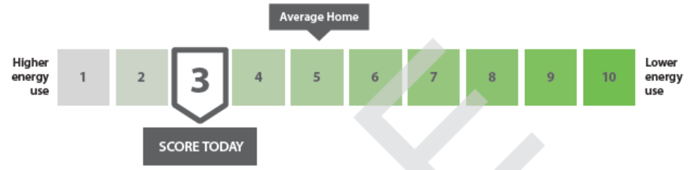
EMAIL:
maria@gomezenergy.com

CCB LICENSE #:
1234567890

Flip over to learn how to improve this score and use less energy!

Better Buildings

Home Energy Score



Official Assessment | ID#1234567

The Home Energy Score is a national rating system developed by the U.S. Department of Energy. The Score reflects the energy efficiency of a home based on the home's structure and heating, cooling, and hot water systems. The average score is a 5. Learn more at HomeEnergyScore.gov.

HOW MUCH ENERGY IS THIS HOME LIKELY TO USE?

Electric: 10,000 kWh/yr. $600
Natural Gas: 700 therms/yr $633
Other: ____________ gal/yr. $0

TOTAL ENERGY COSTS PER YEAR $1,233

How much renewable energy does this home generate?
3,000 kWh/yr

THIS HOME'S CARBON FOOTPRINT:

Estimated average carbon footprint for a similar sized home: 3.8 tons of CO_2 equivalent emissions per year.

- Actual energy use and costs may vary based on occupant behavior and other factors.
- Estimated energy costs were calculated based on current utility prices ($0.11/kwh for electricity; $0.89/therm for natural gas; $2.50/gal for heating oil; $3.50/gal for propane).
- Carbon footprint is based only on estimated building energy use.
- Carbon emissions are estimated based on utility- and fuel-specific emissions factors provided by the Oregon Department of Energy.
- **This report meets Oregon's Home Energy Performance Score Standard and complies with Portland City Code Chapter 17.108.**

Score today:	Score with improvements:*	Estimated energy savings with improvements:	Estimated carbon reduction with improvements:
3	7	$500	27%

TACKLE ENERGY WASTE TODAY!

Enjoy the rewards of a comfortable, energy efficient home that saves you money.

- [x] Get your home energy assessment. Done!
- [ ] Choose energy improvements from the list of recommendations below.
  Need help deciding what to do first? Non-profit Enhabit offers free 15-minute phone consults with expert home advisors. Call 855-870-0049.
- [ ] Select a contractor (or two, for comparison) and obtain bids.
  Checkout **www.energytrust.org/findacontractor** or call toll free **1-866-368-7878**.
- [ ] Explore financing options at **www.enhabit.org** or **www.energytrust.org**.

* PRACTICAL ENERGY IMPROVEMENTS | COMPLETE NOW OR LATER

To achieve the "score with improvements," all recommended improvements listed below must be completed. Improvements all have a simple payback of ten years or less and may be eligible for mortgage financing. For a more detailed explanation of costs and payback, please get a bid from a contractor.

FEATURE	TODAY'S CONDITION	RECOMMENDED IMPROVEMENTS
Basement wall insulation	No insulation	Insulate to R15
Attic insulation	No insulation	Insulate to R49
Foundation wall insulation	No insulation	Insulate to R11
Wall insulation	No insulation	Insulate to R15
Envelope/Air Sealing	Not professionally air sealed	Seal the gaps and cracks that leak air into your home
Duct insulation	R3	Insulate to R6
Duct sealing	45% leakage	Reduce leakage to 10% of total airflow
Floor insulation	R5	Insulate to R38
Gas furnace	78% AFUE	Upgrade to ENERGY STAR 95% AFUE
Skylights	Single-paned	Replace with ENERGY STAR (double-pane solar-control low-E argon gas wood frame)
Water heater	Standard electric tank	Upgrade to ENERGY STAR (heat pump, EF 2.76)
Windows	Single-paned aluminum	Replace with ENERGY STAR (double-pane solar-control low-E argon gas wood frame)

YOU CAN DO IT YOURSELF!

Looking for low-cost ways to cut energy waste, boost your comfort and lower your energy bills? Visit the resources below to learn about easy changes you can make today:

www.energytrust.org/tips and **www.communityenergyproject.org/services**

HES Benefits

Immediate and long-term GHG emissions reduction. Informed buyers are more likely to implement energy efficiency upgrades.

- Studies show 12–37% of buyers implement energy-saving upgrades after receiving home energy assessment recommendations
- In Portland, homebuyers who received an HES report were 10 times more likely to utilize a state energy rebate program

Source: Nadel, Steven. 2025. Energy Ratings for Home Sales. Washington, DC: ACEEE. https://www.aceee.org/white-paper/2025/07/energy-ratings-home-sales.

HES Benefits

Selling your home? Show the value of home energy features

- Ensure a home's listing reflects energy investments that have been made

Buying a home? Know your new home's energy use and costs

- Understand and plan for the total cost of home ownership
- Receive a list of energy efficiency upgrades and estimated cost savings
- Access an Energy Efficient Mortgage
- Access an EnergySpark Loan and save up to 0.25% on your mortgage interest rate

Policy Development

Research & Stakeholder Engagement

June 2023	2024	Jan 2025	Feb-Mar 2025	2025	2026
TCMC Regional Initiative Selection	Policy Research & Stakeholder Engagement	TCMC Executive Committee recommend approval of model ordinance	Olympia LUEC Recommendation and City Council Study Session	City of Olympia pauses HES consideration	TCMC jurisdictions consider ordinance adoption

In 2021, community advocates led several discussions with local real estate professionals and lenders to discuss a potential HES policy.

Thurston County adopted the model ordinance on March 17, 2026

Research & Stakeholder Engagement

Review of resources: "Home Energy Labeling Partnership" of Rocky Mountain Institute and Earth Advantage, Urban Sustainability Directors Network

Interviews: Local government staff (Portland, Milwaukie, Beaverton, and Ashland, OR; Ann Arbor, MI); state and regional agencies (Washington State Housing Finance Commission, Oregon Department of Energy, Bay Area Regional Energy Network)

Stakeholder focus groups: Real estate and home financing professionals, builders/contractors, home energy service providers, low-income service providers, and energy efficiency program managers

TCMC Engagement
- Consensus from Community Advisory Workgroup on policy options
- Executive Committee input and public comments

Focus Group Feedback

- HES has the potential to be a valuable informational tool
- Concern about transaction complexity, costs to sellers, market impacts, and the lack of enforcement capacity
  - The program must be simple, streamlined, and integrated within existing transaction systems
  - Disclosure should occur at the time of listing
  - Compliance should not refer solely on municipal enforcement
- Voluntary programs will not generate meaningful uptake
- Education and incentives should accompany any mandate, including targeted assistance for low-income sellers

TCRA Listening Session

In February 2026, TCMC Staff held an additional listening session with the Thurston County Realtors Association.

What we heard:

- Questions about structure, approach, and the necessity of policy.
- Questions and concerns about capacity to provide HES assessments.
- Questions and concerns about potential impacts to housing costs and low-income households.
- Preference for voluntary disclosures, paired with jurisdiction funding for outreach, and incentives to encourage uptake.
- General preference for more incentive-based programs, such as Energize Thurston, rather than regulatory approaches to climate action.

Key Policy Criteria

- **Assessment Type**: DOE Home Energy Score
- **Energy Performance Reports**: Custom reports, disclosed on all real estate listings
- **Trigger Event**: Time of listing
- **Compliance**: Mandatory disclosure
- **Applicability**: Single-family detached dwellings, duplexes, triplexes, quadplexes, cottage housing, townhouses, and attached ADUs
- **Exemptions**: Federal and Tribal land, transfer of real property under 64.06.010 RCW, undue hardship
- **Low-Income Assistance**: Subsidize assessments for low-income sellers
- **Effective Date**: <u>May 1, 2027</u>

Potential Regional Impacts

Expected year 1 results of a county-wide home energy disclosure policy

Year 1 Results	Estimated Value
Homes Rated	2,840
Homes Retrofitted	568
Energy Cost Savings	$316,339
Carbon Reduction (mtCO2e)	586
Increased Real Estate Value	$14,481,754
Energy Raters Required (min)	7

Source: Values estimated using local data with the Home Energy Labeling Impact Calculator provided by Rocky Mountain Institute and Earth Advantage; "moderate impact" scenario.

Program Implementation

Next Steps (if adopted)

Coordinate with Regional Partners to Develop Supporting Program

- Identify and contract with a 3rd-party Home Energy Score Partner
  - Develop Home Energy Score Report template
  - Connect Green Building Registry to NWMLS
  - Support training and onboarding of Home Energy Score Assessors
- Develop protocols for subsidized assessments, compliance, and enforcement
- Develop program webpage
- Conduct education and outreach

Program Budget

Funding for program development, management, and subsidized assessments was allocated in the 2026 budget.

- **Program Development** (one-time): $100,000 shared across TCMC partners
  - City of Olympia cost: $25,000 - $50,000, depending on the number of participating jurisdictions
- **Program Management** (annual): $25,000 shared across TCMC partners
  - City of Olympia cost: $6,250 - $12,500, depending on the number of participating jurisdictions
- **Subsidized Assessments** for low-income sellers funded independently by each partner
  - City of Olympia estimated cost: $5,000 per year, starting in 2027

Program Staffing

The HES supporting program will be implemented through a partnership between the participating TCMC jurisdictions and a contracted 3rd-party Home Energy Score Partner.

- **HES Quality Assurance**: A 3rd-party HES Partner will provide quality assurance review on 5% of HES assessments.
- **Communications and Outreach**: In partnership with the 3rd-party HES Partner and TCMC partner jurisdictions, Olympia Climate staff will conduct ongoing outreach to real estate professionals, HES assessors, buyers, and sellers.
- **Compliance:** A required field on the NWMLS will help ensure the HES is included with most listings. Climate staff will coordinate with code enforcement staff for additional listings, notification, and enforcement as needed.

Frequently Asked Questions

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Will HES disproportionately impact older homes and lower-income households?

- There is no evidence that lower-income households systematically receive lower HES scores. Characteristics associated with lower scores, such as older equipment and deferred maintenance, are often offset by characteristics that drive higher scores, such as smaller home size and lack of central air.
- A subsidized HES assessment for low-income sellers will mitigate the impacts of additional costs to list a home for sale.
- All buyers will benefit from improved understanding of the total cost of home-ownership.

Frequently Asked Questions

Will HES disproportionately impact older homes and lower-income households?

- Older homes may receive lower scores due to lower efficiency standards at the time of construction.
- Observed impacts on sale prices closely align with actual operating cost differences over 20–25 years.
  - A $100 increase in estimated annual energy costs is associated with a 0.4% decrease in sale price (about $2,000 on a $500,000 home).
  - A one-point increase in the HES is associated with an average 0.5% increase in sale price (approximately $2,500 on a $500,000 home).

Source: Nadel, Steven. 2025. Energy Ratings for Home Sales. Washington, DC: ACEEE. https://www.aceee.org/white-paper/2025/07/energy-ratings-home-sales.

Frequently Asked Questions

How will the need for HES Assessors be met?

- Staff estimate that 6-8 HES Assessors will be needed to meet the demand for HES assessments in Thurston County.
- The proposed ordinance includes a 1-year implementation delay to allow sufficient time for workforce development, and funding has been allocated in the 2026 budget to support HES Assessor recruitment and certification.
- Other jurisdictions that have implemented HES disclosure policies have seen a significant increase in the number of local certified energy assessors following the adoption of such policies.

Frequently Asked Questions

Can I get a PSE energy assessment or disclose my energy bills instead?

- Energy bills are highly dependent on occupant behavior and do not provide recommendations for cost-effective improvements to improve energy efficiency.
- PSE discontinued its regular home energy assessment program in 2020. While PSE has implemented several one-time programs since then, these programs have been limited in scope and availability and are not as comprehensive as the HES assessment.

Frequently Asked Questions

How will compliance with the HES disclosure be enforced?

1. **Ensure Home Energy Score is posted with the listing**
   - Required form through NWMLS (approximately 95% of listings)
   - Desktop review by 3rd-party Home Energy Score Partner
   - Complaints and/or periodic review of other listings by City staff
   - City staff will provide notification and enforcement, as needed
2. **Ensure Home Energy Score is accurate**
   - A 3rd-party Home Energy Score Partner will provide quality assurance review on at least 5% of HES assessments on a quarterly basis
   - The 3rd-party partner will provide ongoing training for assessors to correct errors found during quality assurance reviews

Recommended Action

Recommended Action

- Move to approve the proposed ordinance adopting a Residential Energy Performance Rating and Disclosure Policy.

CLIMATE ACTION AND RESILIENCE

Olympia

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Frequently Asked Questions

Can this be a voluntary program rather than a requirement?

- Voluntary energy rating programs typically have very low participation, limiting their potential impact.
- Voluntary programs are significantly more expensive to administer because they require substantial incentives, subsidies, and marketing to drive demand.
- After establishing voluntary programs, only 2% of home sales in British Columbia and 0.5% of home sales in Nova Scotia disclosed energy ratings.
- In Chicago, despite extensive efforts to promote the program, only 13% of home sales disclosed energy ratings.

Source: Nadel, Steven. 2025. Energy Ratings for Home Sales. Washington, DC: ACEEE. https://www.aceee.org/white-paper/2025/07/energy-ratings-home-sales.

Frequently Asked Questions

Does the HES assessment duplicate the home inspection process?

- No, the HES assessment is not a home inspection.
- HES evaluates overall energy efficiency, anticipated energy costs, and cost-effective opportunities to improve energy efficiency.
- Home inspections focus on safety and repair issues, and do not include comprehensive energy assessments.

Expected Year 1 Impacts of Countywide HES Disclosure Policy

	Estimated Value		
Year 1 Results	Low Impact	Moderate Impact	High Impact
Homes Rated	2,434	2,840	3,245
Minimum Energy Raters Required	6	7	8
Homes Retrofitted	243	568	649
Energy Savings (MmBtu)	2,819	13,157	15,036
Energy Cost Savings	$67,767	$316,339	$361,530
Carbon Reduction (mtCO2e)	126	586	670
Increased Real Estate Value	$4,965,173	$14,481,754	$19,860,691