



Meeting Agenda

City Council

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, March 11, 2025

6:00 PM

Council Chambers, Online and
Via Phone

Study Session

Attend: [https://us02web.zoom.us/j/83852575740?
pwd=0Wr6uUyDuzGUpN2jkJsKWehZSQIQDS.1](https://us02web.zoom.us/j/83852575740?pwd=0Wr6uUyDuzGUpN2jkJsKWehZSQIQDS.1)

1. ROLL CALL

2. OTHER BUSINESS

2.A [25-0208](#) Olympia's Commute Trip Reduction Plan Update

Attachments: [Olympia Commute Trip Reduction Plan Update Draft](#)

2.B [25-0198](#) Home Energy Assessment and Disclosure Policy Update

Attachments: [Ordinance](#)

[Budget](#)

[TCMC Stakeholder Feedback Summary](#)

[TCMC Policy Review Memo](#)

2.C [25-0210](#) Briefing on renter protection measures

Attachments: [Timeline of Renter Protections](#)

3. ADJOURNMENT

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City Council

Home Energy Assessment and Disclosure Policy Update

Agenda Date: 3/11/2025
Agenda Item Number: 2.B
File Number: 25-0198

Type: discussion **Version:** 1 **Status:** Study Session

Title

Home Energy Assessment and Disclosure Policy Update

Recommended Action

Committee Recommendation:

The Land Use and Environment Committee recommend the City Council review and discuss the proposed ordinance for a regional Home Energy Assessment and Disclosure Policy.

City Manager Recommendation:

Whether to review and discuss the proposed ordinance for a regional Home Energy Assessment and Disclosure Policy.

Report

Issue:

Review and discuss the proposed ordinance for a regional Home Energy Assessment and Disclosure Policy.

Staff Contact:

Jaron Burke, Climate Program Specialist, City Manager's Office, 360.753.8429

Presenter(s):

Jaron Burke, Climate Program Specialist
Pamela Braff, PhD, Director of Climate Programs

Background and Analysis:

Residential Energy Performance Rating and Disclosure Ordinance

The Residential Energy Performance Rating and Disclosure Ordinance, also referred to as the Home Energy Score (HES) Ordinance, is an education and outreach tool intended to help prospective homebuyers consider the full cost of home ownership, including energy costs, and identify (but not require) ways to increase the energy efficiency of the home. This policy requires that a HES is completed and disclosed as part of the real estate listing for subject buildings.

While the proposed HES Ordinance does not require energy-efficiency improvements, the HES report produced by a HES assessment provides information on cost-effective improvements and the

available federal, state, utility, and local rebates, incentives, and financing options to facilitate those improvements. This information has proven to be effective in encouraging homeowners to make energy efficiency upgrades.

A 2024 analysis of nearby City of Portland's HES Ordinance found that households with a HES in Portland are ten times more likely to receive an energy efficiency upgrade than homes without a HES in Portland. 8.8% of HES recipient households in Portland pursued at least one energy efficiency upgrade offered by the Energy Trust of Oregon as compared to 0.8% of homes without a HES in a three-year period.

Home Energy Score

Developed by the U.S. Department of Energy (DOE) and its national laboratories, the Home Energy Score (HES) provides homeowners, buyers, and renters directly comparable and credible information about a home's energy use. Like a miles-per-gallon rating for a car, HES is based on a standard assessment of a home's energy-related assets to easily compare energy use across the housing market.

The Home Energy Score Report estimates home energy use, associated costs, and provides energy solutions to cost-effectively improve the home's efficiency. Each Home Energy Score is shown on a simple one-to-ten scale, where a ten represents the most efficient homes.

DOE-trained Home Energy Score Assessors can provide the Home Energy Score within an energy audit, home inspection package, or as a standalone product. Local and national partner organizations help Assessors meet training, mentorship, and quality assurance requirements.

Regional Implementation

Thurston County and the cities of Olympia, Lacey, and Tumwater have been working together since 2021 to implement the Thurston Climate Mitigation Plan (TCMP). In 2023, the jurisdiction partners established the Thurston Climate Mitigation Collaborative (TCMC) to support regionally coordinated implementation of the TCMP. Each year, the TCMC selects a regional initiative to advance in a coordinated way among all TCMC jurisdictions.

In 2023, the TCMC selected the development of a Home Energy Score Ordinance as a 2024 TCMC Regional Initiative. Throughout 2024, TCMC staff completed key tasks to design and develop the regional HES Ordinance, including conducting a series of focus groups with key stakeholders from real estate, building and other industries, and drafting a model ordinance for consideration by each jurisdiction.

The model ordinance was presented and discussed during the TCMC Executive Committee meeting on January 27, 2025. The Executive Committee recommended forwarding the proposed HES model ordinance for consideration by the TCMC jurisdictions.

While all examples of HES Ordinances or similar policies in the U.S. are single-jurisdiction, staff and stakeholders believe that this ordinance would be most efficient and effective if implemented across the Thurston region. With support from the community and interested industries, the TCMC are bringing the HES Ordinance to all four TCMC jurisdictions for consideration and may be the first in the nation to intentionally build a regional HES program.

Land Use and Environment Committee Recommendation

The Land Use and Environment Committee received a briefing in July 2023 on Home Energy Score Disclosure. Staff recommended during the briefing for the committee to postpone consideration of a Home Energy Score Policy to allow for the regional initiative to be developed before bringing it back to the committee for consideration.

The Land Use and Environment Committee reviewed the proposed ordinance for a regional Home Energy Assessment and Disclosure Policy in February 2025 and recommended the ordinance be forwarded to the full City Council for discussion at a study session.

Climate Analysis:

The Thurston Climate Mitigation Plan (TCMP) identifies reducing energy use in existing residential buildings by requiring energy performance ratings and disclosures for homes at time of sale as a key strategy for local action to reduce greenhouse gas emissions (See TCMP Strategies B1).

The HES Ordinance will enable a long-term reduction in greenhouse gas emissions by allowing prospective homebuyers in Olympia to identify ways to increase the energy efficiency of their home.

Equity Analysis:

To ensure energy performance assessments are not overly burdensome to low-income sellers, the proposed ordinance would require the provision of subsidized home energy score assessments for sellers whose households earn 80% or less than 80% of the Area Median Income as defined by the U.S. Department of Housing and Urban Development.

Neighborhood/Community Interests (if known):

TCMC staff have engaged the public on the HES Ordinance in a variety of ways since it was selected as a 2024 Regional Initiative of the TCMC. The TCMC Executive Committee and Community Advisory Workgroup (CAW) were engaged in reviewing project plans and draft ordinance language throughout 2024. The CAW is comprised of up to 15 interested community members representing a diversity of interests, life experience, and work experience.

TCMC staff also convened four in-person focus group discussions with targeted stakeholder groups in September 2024, and interviewed HES program managers at the federal, state, and local level between September and October 2024. The model HES Ordinance have been updated to incorporate feedback from engaged stakeholders as well as the TCMC Executive Committee and CAW.

A complete summary of stakeholder feedback received during the focus groups is provided in the attachments.

Financial Impact:

The total estimated cost for regional program development (one-time program launch costs) is \$81,000. If the HES Ordinance is adopted by all TCMC jurisdictions (Lacey, Olympia, Tumwater, and Thurston County) and costs are split equally across the jurisdiction partners, the estimated cost per partner would be \$20,250.

Total estimated ongoing program management costs for Olympia range from \$9,000 (if costs are

equally shared across jurisdictions) to \$24,000 (if costs are incurred independently) each year. More details are provided in the attached preliminary budget for the Home Energy Score supporting program.

Anticipated one-time program launch costs were included in the 2025 Climate Program budget. No additional costs for program development are expected. Long term implementation would incur additional costs for ongoing program management, as described above, beginning in 2026.

Options:

1. Review and discuss the proposed ordinance for a regional Home Energy Assessment and Disclosure Policy.
2. Do not review and discuss the proposed ordinance for a regional Home Energy Assessment and Disclosure Policy.
3. Take other action.

Attachments:

Ordinance
Budget
TCMC Stakeholder Feedback Summary
TCMC Policy Review Memo

ORDINANCE NO. _____

AN ORDINANCE of the City Council of the City of Olympia, Washington, adopting a Residential Energy Performance Rating and Disclosure Policy and adding a new chapter entitled Chapter 16.07 *Residential Energy Performance Rating and Disclosure* to Title 16 *Buildings and Construction*, as more particularly described herein.

WHEREAS, climate change is an existential crisis posing one of the most serious threats to the existence of humanity and all species on the planet; a threat that intersects and compounds all other crises facing humanity and our earth; and

WHEREAS, in February 2021, Olympia City Council passed a Resolution Declaring a Climate Emergency (Resolution No. M-2194); and

WHEREAS, in 2021, the City of Olympia accepted the Thurston Climate Mitigation Plan as a regional framework to reduce community-wide greenhouse gas emissions 45 percent below 2015 levels by 2030 and 85 percent below 2015 levels by 2050; and

WHEREAS, in addition to working on the regional Thurston Climate Mitigation Plan, in 2019, Olympia City Council passed a Resolution Expressing a Commitment to Protect the Youth of this Community from the Risks of Climate Destruction (Resolution No. M-2045) and to achieve net zero emissions by 2040; and

WHEREAS, in November 2021, the City of Olympia joined the Cities Race to Zero Campaign; and

WHEREAS, the Race to Zero is a global campaign to rally leadership and support from businesses, cities, regions and investors for a healthy, resilient, zero carbon transition that unlocks inclusive, sustainable growth; and

WHEREAS, the objective of this campaign is to build momentum around the shift to a decarbonized economy, and inspire action from cities around the world to cut emissions in half by 2030 and achieve net-zero by 2050 or sooner; and

WHEREAS, at the 2023 Thurston Climate Mitigation Collaborative (TCMC) Annual Retreat and subsequent Executive Committee meeting on June 26, 2023, the TCMC agreed to advance two regional initiatives for focused regional coordination in 2024: (1) design a Residential Energy Efficiency and Electrification Campaign and (2) develop a Home Energy Score Model Ordinance; and

WHEREAS, in 2023 the City Council approved an Interlocal Agreement among Thurston County and the cities of Lacey, Olympia, and Tumwater to support the implementation of the 2024 TCMC Regional Initiatives (Resolution No. M-2461); and

WHEREAS, the TCMC has engaged the TCMC Community Advisory Workgroup, members of the public, and held five focus group discussions with key stakeholders to develop this proposed Ordinance; and

WHEREAS, the TCMC finds that for a home energy disclosure policy to be effective at reducing emissions and informing prospective homebuyers, jurisdiction's codes should be amended to include this requirement.

NOW, THEREFORE, THE OLYMPIA CITY COUNCIL DOES HEREBY RESOLVE as follows:

Title 16 Buildings and Construction of the Olympia Municipal Code is amended to include Chapter 16.07 Residential Energy Performance Rating and Disclosure.

Section 1. Purpose.

The purpose of Residential Energy Performance Rating and Disclosure is to require that homebuyers be provided with information about residential building energy performance prior to the time of property purchase to enable more informed decisions about the full costs of operating dwelling units and to encourage investments in improvements that lower utility bills, reduce carbon emissions, and increase the comfort, safety, and health of building occupants. This disclosure is in addition to the minimum disclosures described in chapter 64.06 RCW.

Section 2. Definitions.

Certain terms, words and phrases shall, whenever used in this chapter, have the meanings defined in this section.

- A. "Director" means the director of the community development department of the city or their designee.
- B. "Energy" means electricity, natural gas, propane, heating oil, wood, or other fuel used for purposes of providing heating, cooling, lighting, water heating, or powering other end-uses in the building and related facilities.
- C. "Home energy performance report" means the report prepared by a registered home energy score assessor utilizing the reporting template provided by the director. The report must include the following information:

1. The home energy performance score, using methods developed by the United States Department of Energy, and an explanation of the score;
 2. An estimate of the total annual energy used in the dwelling unit in retail units of energy by fuel type;
 3. An estimate of the total annual energy generated by onsite solar electric, wind electric, hydroelectric, and/or solar water heating systems in retail units of energy, by type of fuel displaced by the onsite generation;
 4. An estimate of the total monthly or annual cost of energy purchased for use in the subject building in dollars by fuel type, based on the current average annual retail residential energy price of the utility serving the subject building at the time of the report and the average annual energy prices of nonregulated fuels by fuel type;
 5. The current average annual utility retail residential energy price in dollars by fuel type and the average annual energy prices by fuel type;
 6. At least one comparison home energy performance score that provides context for the range of potential scores. Examples of comparison dwelling units include, but are not limited to, a similar dwelling unit with Washington's average energy consumption, the same type of dwelling unit built to Washington energy code, or the same type of dwelling unit with certain energy efficiency upgrades;
 7. The identification of efficiency measures that may be installed directly by consumers;
 8. The date when the building energy assessment was performed;
 9. The name, contact information, and business license number for the registered home energy score assessor who completed the scoring; and
 10. Such other information as specified by the director.
- D. "Home energy score" means the U.S. Department of Energy's Home Energy Score which is an asset rating based on physical inspection of the dwelling unit or review of the design documents used for the dwelling unit's construction.
- E. "Low-income" means any household of the City of Olympia earning 80% or less than 80% of the Area Median Income as defined by the U.S. Department of Housing and Urban Development.
- F. "Real estate listing" means any real estate listed publicly for sale in the city by a property owner, representative of a property owner, or a licensed real estate agent.

Real estate listings include any printed advertisement, internet posting, or publicly displayed sign, including Regional Multiple Listing Service, Craigslist, Nextdoor and other social media platforms, Redfin, Zillow, Trulia, and other third-party listing services.

- G. "Registered home energy score assessor" means a person who has a valid and up-to-date certification from the U.S. Department of Energy as a home energy score assessor and who is registered with the city to provide a home energy performance report. To be registered with the city, a person must meet all registration requirements established by the director.
- H. "Sale" means the conveyance of title to real property because of the execution of a real property sales contract. Sale does not include the transfer of real property as defined in code 64.06.010 RCW.
- I. "Seller" means any of the following: any individual or entity possessing title to real property that includes a subject building, the association of unit owners responsible for overall management in the case of a condominium, or other representative body of the jointly owned building with authority to make decisions about building assessments and alterations.
- J. "Subject Buildings" means single-family detached dwellings, duplexes, triplexes, quadplexes, cottage housing, townhouses, and attached accessory dwelling units as defined in OMC Chapter 18.02.

Section 3. Authority of the Director.

- A. The director shall administer and enforce this chapter's provisions.
- B. The director shall adopt rules and regulations, procedures, and forms to implement this chapter's provisions.

Section 4. Home Energy Score Rating and Disclosure for Subject Buildings.

Prior to publicly listing any dwelling unit(s) of a subject building for sale, the seller of the dwelling unit shall:

- A. Obtain a home energy performance report for the dwelling unit(s) of the subject building from a registered home energy score assessor;
- B. Include the home energy score in all real estate listings and contact information to request the home energy performance report;
- C. Append the home energy performance report when attachments are accepted by the listing service;

- D. Provide a copy of the home energy performance report to all the following:
 - 1. All licensed real estate agents working on the seller’s behalf; and
 - 2. Prospective homebuyers while the subject building is listed publicly for sale; and
- E. Maintain a copy of the home energy performance report available for review by the director upon request for quality assurance and evaluation of policy compliance.

Section 5. New Construction of Subject Buildings.

At or prior to the time of the first sale of a newly constructed subject building, the seller of the dwelling unit may:

- 1. Provide a home energy score that was generated from either design specifications or an on-site inspection.
- 2. Obtain and replicate a single home energy performance report for subject buildings constructed within the same land division using identical design specifications with identical features including, but not limited to, floorplan, type and amount of insulation, windows, attic fans, heating and cooling systems, hot water heaters, and appliances.

Section 6. Exemptions and Waivers.

- A. Subject buildings on federal land or tribal land shall be exempt from the requirements outlined in Section 4.
- B. The director shall exempt a seller from the requirements of this chapter if the seller submits documentation that the subject building is undergoing a transfer of real property as defined by code 64.06.010 RCW.
- C. The director may exempt a seller from the requirements of this chapter after confirming that compliance would cause undue hardship for the seller under the following circumstances:
 - 1. The subject building qualifies for sale at public auction or acquisition by a public agency due to arrears for property taxes;
 - 2. A court-appointed receiver is in control of the subject building due to financial distress;
 - 3. The senior mortgage on the subject building is subject to a notice of default; or

Section 7. Expiration

The home energy score is valid for eight years after the assessment date (including new construction assessments as described in Section 4.F.), provided that no changes to mechanical systems, building envelope, energy efficiency or square footage in the home has occurred. For the purposes of this section, an assessment date is the date the assessment was completed.

Section 8. Violation.

It is a violation of this chapter for any person to fail to comply with the requirements of this chapter or to misrepresent any material fact in a document required to be prepared or disclosed by this chapter.

It shall be a civil infraction for a person, firm, or corporation to violate or fail to comply with any term or provision of this title. Each day shall be a separate infraction. A person, firm, or corporation found to have committed a civil infraction shall be assessed a monetary penalty as follows:

1. *First offense: Class 3 (\$50), not including statutory assessments.*
2. *Second offense arising out of the same facts as the first offense: Class 2 (\$125), not including statutory assessments.*
3. *Third offense arising out of the same facts as the first offense: Class 1 (\$250), not including statutory assessments.*

Enforcement. [REDACTED] city may, but is not obligated, to enforce this chapter through chapter 4.44 OMC, Uniform Civil Enforcement.

Section 9. Subsidy.

The City of Olympia shall fully subsidize home energy score audits as required by OMC 16.07 for sellers whose households meet the low-income definition of this chapter.

Section 10. Limitation of liability.

- A. This chapter shall be enforced for the benefit of the health, safety, and welfare of the general public and is not intended to create any class of persons to be benefited or protected nor to create any reliance relationship between the city and property owners, land purchasers, their successors, occupants, or users of structures built with or without a permit, or any other persons.
- B. This chapter is not intended to create any duty running in favor of particular persons.

- C. The obligations to comply with the provisions of this chapter are upon the property owner and their agents.
- D. Acts or omissions to act by the city, its officials, or employees, under this chapter shall not create any liability on the part of the city or its officials or employees, including but limited to actions that would subject them to damages in a civil action.
- E. This chapter is not intended to create a warranty of home energy performance, and functions to provide disclosures only. This chapter is not part of an agreement between a seller and buyer.

Section 11. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 12. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 13. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 14. Effective Date. This ordinance shall become effective on May 1, 2026, after passage, approval and publication as provided by law.

ADOPTED this day of , 20 .

CITY OF OLYMPIA

Dontae Payne, Mayor

ATTEST:

Sean Krier, City Clerk

APPROVED AS TO FORM:

Jake Stillwell, Deputy City Attorney

Published:

Effective Date:

DRAFT

Preliminary Budget

The tables below provide a preliminary budget for the Home Energy Score (HES) Supporting Program, including anticipated one-time program launch costs and ongoing program management costs. Regional program launch and management costs may be split across the participating jurisdictions. Each jurisdiction would independently fund any costs for subsidized assessments and staff time within their jurisdiction.

Anticipated One-Time Program Launch Costs (2025)	
Item	Item Cost
Regional Program Launch Costs: <ul style="list-style-type: none"> • Launch IT System • Launch Home Energy Score Report with Local Branding 	\$25,000
Regional Program Launch Support Costs: <ul style="list-style-type: none"> • Home Energy Score Report Customization • Program Workflow Tracking and Data Reporting Customization • Local MLS Analysis • Program Marketing and Outreach 	\$36,000
Regional Home Energy Score Assessor Onboarding and Enrollment	\$20,000
Total One-Time Regional Cost	\$81,000
Total One-Time Cost per Partner Jurisdiction*	\$20,250

* This cost estimate assumes an equal cost share across Lacey, Olympia, Tumwater, and Thurston County after adoption of the HES Ordinance in each jurisdiction.

Preliminary Budget

Anticipated Ongoing Program Management Costs		
Item	Item Cost	Cost to Olympia
Regional Program Management Costs: <ul style="list-style-type: none"> IT System Fees Quarterly Client Meetings, Quarterly Reports, Basic Data Analysis Annual Summary Report 	\$20,000 per Year	\$5,000 per Year*
Additional Administrative Costs: <ul style="list-style-type: none"> Assessor Continuing Education & Technical Assistance 5% Quality Assurance (QA) Rate 	\$35-50 per Score	N/A - Supported by Administrative Fee
Subsidized Assessments for Low-Income Households	Set per Jurisdiction	\$4,000 per Year
Staffing Costs for Compliance	Set per jurisdiction	Negligible**
Total Ongoing Regional Cost	\$20,000 per Year	
Total Ongoing Cost to Olympia	\$9,000 per Year*	

* This cost estimate assumes an equal cost share across Lacey, Olympia, Tumwater, and Thurston County after adoption of the HES Ordinance in each jurisdiction.

** This cost is negligible if compliance is implemented through a required field on the Northwest Multiple Listing Service (NW MLS).

Thurston County Climate Mitigation Collaborative (TCMC)

Home Energy Score (HES) Model Ordinance Development Stakeholder Engagement – Focus Groups

Summary Report – October 2024

Table of Contents

Background:.....1

Focus Group 1: Real Estate Transaction1

Focus Group 2: Building Industry3

Focus Group 3: Mixed Industry Professional.....4

Focus Group 4: Mixed Industry Professional.....5

Notes:.....7

 Focus Group 1..... 7

 Focus Group 2..... 15

 Focus Group 3..... 23

 Focus Group 4..... 31

Background:

In September 2024, the TCMC team conducted a series of in-person focus groups focused on the TCMC and HES Model Ordinance Development. The TCMC team presented HES activities to key groups of industry professionals, and collected critical feedback for use in recommendations to finalize the HES policy. The following summaries of each focus group are provided for reference.

Focus Group 1: Real Estate Transaction

Date/Time: 9/17/2024, 3 -5 p.m.

Attendees: Dwayne Boggs, Home Inspector, Boggs Inspection Services
Polly Barber, Realtor, Homes by Polly Barber
Anya Myer, Realtor, ReMax
Kim Piper, Realtor, Thurston County Realtors Association
Garen Thatcher, HES Provider, SwiftSure Energy Services

Key Points:

- General
 - HES will not drive home sellers to do upgrades, but may educate and inform them for future homes, and may provide a roadmap for buyer-financed improvements. The HES is then informational and educational only.
 - There is general confusion about the HES and the Home Energy Rating System (HERS, used in new construction primarily).
 - The real estate transaction process is complicated, already overly bureaucratic and time-constrained in its procedure, and highly emotional. The group felt that adding a HES requirement without creating a simple, streamlined approach would add additional burden and that home buyers and sellers would not be motivated to take any action on HES results during the transaction process. **They strongly suggested that the HES at some other point in the process could be highly educational and valuable to homeowners, but not during sale.**
 - Energy is currently part of the home inspection discussion, but not front and center because there are so many other competing, higher-priority issues.
 - This is more of an educational and informational opportunity than opportunity to directly influence upgrades at time of listing.
 - Thurston County doesn't have low income purchasing, it's too unaffordable.
- Administration of HES Program:
 - **Should be separate from real estate agents to create third party neutrality to scoring. Real estate agents also do not want associated liability. Also note in the**

skill set of real estate agents. Differentiation was noted in the training and licensing requirements of Realtors versus real estate agents.

- Program administration (i.e. Energy Trust Oregon) can be income producing.
 - There is concern about the quality of information generated by the HES versus a full inspection using traditional test methods (i.e. blower door, duct blaster).
 - Utility programs used to offer free energy “inspections” that could have been used to provide HES free of charge to qualified utility customers. Now they are online/consumer-implemented.
 - Should target key neighborhoods for outreach where both income level and age of buildings is optimal for improvements.
 - Consensus was that if it’s not a mandatory program it’s not worth pursuing. However, compliance became a large point of discussion and most felt that it was not enforceable because of current understaffing and the necessary focus on health and safety.
 - Tracking projects over time in a countywide database to see progress over time is necessary and prudent.
- Valuation & Financing
- There is a disconnect between the cost of implementing energy upgrades and the value realized in the appraisal process. There should be engagement with the appraisal industry and some requirement for the use of Green Addendum (Appraisal Institute).
 - If a model like Energy Spark (Energy Efficient Mortgage lenders) could be promoted and HES were a requirement by the County, it would allow more homeowners to utilize an EEM.
- Workforce Development
- Mandatory program creates demand for service and demand for trained workforce.

Focus Group 2: Building Industry

Date/Time: 9/18/2024, 9 -11 a.m.

Attendees: Ben Francois, Habitat for Humanity
Mark Shepherd, New Homebuilder Superintendent, Rob Rice Homes
Jessie Simmons, New Homebuilder Owner
Kevin Zwink, City of Lacey, Code Compliance Officer
Nate Kilby, Right Way Home Inspections, Owner/Inspector

Key Points:

- General
 - Contractors are not recommended directly as it can be seen as favoritism, but there are often no consistent methods to vet contractors
 - The idea of a new facet to hinder the already burdened transaction process resurfaced, and that **negative information might decrease the value of the home or profit for the seller.**
 - Anything that is a new requirement from the government will leave a bad taste in people's mouths.
 - Passive House Institute was referenced as a good source of education. **It was suggested that a trifold brochure or other communications materials describing the HES, with QR code to more information, would be helpful in transactions with consumers.**
 - Write low-income subsidization of the cost of getting HES into all program rules and processes.
- Compliance
 - Jurisdictions have limited code compliance and inspection teams who are already unable to complete caseloads, and are focused on life safety and health concerns first. The likelihood that compliance can be supported by local government is next to none.
 - Potentially, if compliance was tied to mortgage signing, the fees could be taken out of escrow at closing to pay and collect HES. **There has to be a way to handle it outside of municipal enforcement.**
- New Construction
 - Energy performance is driven by energy code, which is very stringent already. **New homes will inherently score very well with HES because of code requirements.**
 - **A path needs to be provided to provide "equivalent" score on new homes meeting energy codes – and other voluntary above-code programs – without adding cost or process.**

- Energy improvements raise costs that are then incurred by the homebuyers, and that raises prices on other homes in the market.
- Meeting high levels of energy performance has increased cost.
- Existing Homes
 - Energy is not part of the conversation with sellers and buyers, just when noting equipment or features (i.e. windows, no insulation, old equipment) that could need to be updated and suggestion to talk with contractor.
 - Appraisal process should be looked at – how would they calculate these improvements into their values (Green Addendum, Appraisal Institute was again referenced).
- Low-Income
 - Low-income buyers should not be expected to handle the financial burden of incurring rebates, they should be grant.
 - Need to be cognizant that low HES could eventually equate to lower home value, making older homes in low-income situations less desirable or valuable in the market.

Focus Group 3: Mixed Industry Professional

Date/Time: 9/18/2024, 12 – 2 p.m.

Attendees: Jordan Howden, Weatherization Program Manager, Community Action Council
 Nate Krebs, Weatherization Superintendent, Community Action Council
 PK Long, Code Compliance Officer, City of Tumwater
 Doug Mah, Director of Public Policy, Thurston County Chamber of Commerce
 Dietrich Schmitz, Advanced Downpayment Assistance Program Manager, Washington State Housing Finance Commission

Key Points:

- General
 - Energy Spark program (energy efficient mortgage) is available in Washington and requires a HES. There is little awareness or uptake of the program, seemingly due to low promotion and lack of HES at sale, transaction process timing limitations. There were additional concerns raised about anything that complicates listing and sale of houses, already very complex, arduous, expensive.
 - There is little awareness of the HES and high concern about additional government intervention in private-sector processes.
 - Programs must be mandatory or they are ineffective, at best.

- HES is very “watered down” compared to other home energy assessment models.
- Sellers and buyers can circumvent the required HES at listing by simply not listing the house (i.e. for sale by owner). This needs to be remedied somewhere in the finance process.
- This could be considered akin to septic system inspection and functionality requirements at sale, where energy performance and carbon emissions are considered (in future) to have some limitation at time of sale. Could also be considered like wood stove replacement at time of sale or major upgrade (building permit pull).
- Concerns were raised about future requirements for certain energy performance levels at time of sale.
- PSE should participate significantly in providing assessments.
- Before requiring HES, there should be an education and outreach campaign leading up to launch.
- Compliance
 - There are significant barriers to cities and jurisdictions doing enforcement of noncompliance of HES at listing, most related to funding and staffing issues that will remain unresolved. Needs to be built into financing process to be effective, could also be financially incentivized instead of fine-based.

Focus Group 4: Mixed Industry Professional

Date/Time: 9/19/2024, 2:30 – 4:30 p.m.

Attendees: Thea LaCross, Executive Director, Thurston Housing Land Trust
 Kristine Rompa, Senior Local Government Affairs Representative, PSE
 Mackenzie Winchel, HES Program Manager, Earth Advantage

Key Points:

General

- Land trusts are unique, and considered as developers not “homeowners” and cannot access some incentives. It is a confusing landscape for new initiatives like the Thurston County Land Trust to figure out how to improve home performance for their buyers pre-sale.
- There is question about renters and creating incentive for landlords.
- Transaction timing is a legitimate concern. Requirements should be put in place for those vendors agreeing to provide scores to conduct quick turnaround times, and contingencies should be in place in case timeline isn’t going to work.

- Workforce – need to create a training plan to ensure there is enough trained workforce 3-6 months ahead.
- PSE energy assessment and upgrade programs should be engaged to provide input and participation.
- In Portland, data shows that homes with HES are 10 times more likely to access utility rebates for improvements.
- The home sale process is already fraught with cost, bureaucracy, and emotion. This process needs to not add red tape, and be part of existing processes such that it's an insignificant effort.

Program Administration

- Starting with an education phase and moving into compliance is wise, rather than starting with "a hammer"
- Ensure administrative rules and processes are clear and simple.
- Oregon systems allow real estate agent to go into MLS and bring information from HES scoring tool into MLS. Need to think through this process in Thurston. May need to do outreach to assist in the process. Technology is important – what is being used to generate the score, store the score, and connect it to systems like MLS?

Notes:

Focus Group 1

Garen does HERS scores and Built Green.

1. General Questions?
2. Assessment Type Topic: Are you familiar with the US DOE HES?
 - Garen: Energy Trust of Oregon uses this as an income producing. \$25 of every audit went to energy trust to maintain the system. He saw that almost every realtor decided to get certified as well as part of their service.
 - Kim: Inspections are usually separate from the realtors, a third party on purpose. New requirements tied to time of sale, realtors are against because its more cost to the seller. What about off-market sales? Sellers disclosure statement like septic inspection. Only 150-300 bucks and its great to connect homeowners to figure out how to make their homes more efficient. A lot of their life is driven by the appraisal process, they don't see that appraisers are willing to give value to a more efficient home. There has to be a way to assign value to a more efficient home so the lender will write the loan for the buyer. Also, liability with what is disclosed.
 - Polly: I wouldn't want that liability on a score, that's not her forte.
 - Garen: There is no liability, its such a subjective thing. [...] There are probably 5-6 energy rating companies in Portland area when this was produced, nearly 300 people wanting to get into this business but didn't have the expertise in how to do in-depth audits. If you've got someone that skilled, its hard to get their (50-75 bucks an hour 3 hours to do the job), its hard to provide at a good cost. When a homeowner got the score, they would not necessarily make improvements nor pay for the scoring to update with improvement.
 - Polly: It depends on the client if this would be valuable. If there is a seller unwilling to improve any of the findings, who is holding them accountable?
 - Kim: A home inspection process the seller may not perform any of the items the buyer wants, but the buyer has more information about what they're purchasing and create a plan. A different demographic of buyer will be interested in this. There is liability, if a homeowner makes a statement about something and its found later there is a different finding there can be issues. She thinks there is a lot of confusion between HES and HERS, but it is usually done in new homes.
 - Dwayne: Has been hearing about this for a couple of years, and it died off. Where is the value, how do we turn this? Where is the education for the seller or the possible buyer, and where are the incentives? He is surprised to hear it come back up. He is the

President of local building inspectors association, hasn't heard anything about this for years. Has there been any place where this has taken off and worked?

- Garen: How much value would there be if you're only spending 45 minutes on an inspection? Concerned that companies doing this would do poor quality, surface level – no blower door, no crawl space, no r-value inspection.
- Dwayne: Where is the education? Need to provide information on incentives.
- Polly: not in favor of it, if you find something that is old you need to do a home warranty and maybe the buyer doesn't have the finances to fix things. This is more of a government run money maker. The buyer is going to have an inspection anyways. She gets you want the best for all parties, but you would hope that the owner would be upkeeping the home. Weigh what the benefits are for that home or those clients.
- Anya: Struggling to find out why we would do this. If there was a demand, inspectors would see that in demand for his services. Part of their conversations with their clients is energy, yes, but also shiny nice things that buyers want in their homes. When they get to the table of negotiations and buyers want certain things, sellers can refuse. Why are we asking the seller to take on more costs to just have a number associated with their home so the buyer has more opportunity to negotiate. Requiring the seller to pay for something that mostly benefits the buyer. Does it really benefit the buyer?
- Dwayne: Years ago the County did a \$99 audit on existing home, not part of a transaction. The seller could make improvements and the buyer could still walk. Why wouldn't we use an entity to target existing people? When we did the \$99 audit, how did that work for you guys?
- Garen: it was a subsidy, cities paid a portion for that. For a while some of the jurisdictions were using City staff.
- Dwayne: do they have any data?
- Kim: that's why they suggested this, we don't have any data, and the built environment is a large emitter. Why is it part of the real estate transaction? Why not go neighborhood by neighborhood to educate. We keep missing the forest for the trees, most of the time its the air flow its the gaps, insulation, etc. Target neighborhoods at a certain age, especially if neighborhoods were built at a certain time. Educate groups of people.
- Garen: the one good thing that it does it increases the visibility and importance of this. If it shows up on your listing, people start realizing this is important. Any European city real estate says the cost of heating and cooling per year.
- There is no way right now to get operation costs, you can request it from PSE and they wont give it and the occupant behavior impacts that.

- Kim: We just need to get started somewhere.
- Anya: I think that there is value in this, she did an energy audit herself because she felt it was important and valuable. But if she was in the midst of buying a home (costs, emotions, etc) this may not be the most important thing – but when not involved in that it could have more weight. Maybe in America we're a little flashy and we value the backslash more, than European energy value disclosure.
- Dwayne: What if this was done in existing homes and it could be a selling point – you have to have the consumer that wants to upgrade the house to increase the score. It's got to be a good homeowner. During a transaction, its too much going on.
- Summary: the valuation of energy improvement, the incorporation of HES or eval during the transaction process because of the noise. Equity issues related to lower income clients.
- Garen: Last year helped a friend homebuying process in Portland, looked at 50 homes, every one had HES, she never brought it up it was not part of her decision. Anecdote of one person. He asked realtors, how many people are paying attention to this.
- Kim: It ends up being like the seller disclosure statement in WA, or the Thurston County time of transfer. She agrees we need a database to not have failing systems. Real estate transactions are much more miserable than they used to be. There isn't much time to do all this discovery. Austin succeeded too, because the score and the outcome of the score then ties the homeowners to the resources and connected with contractors, and an allotment per property to help with improvements.
- Polly: Did they incentivize the people of Austin to do this?
- Kim: They had approved contractors and oversight. The government organized it but independent companies supported it. Its not always about capitalism and money, we have a planet.
- Polly: But then people are paycheck to paycheck
- Kim: lots of young people will buy a smaller home to have a smaller footprint
- Polly: if this was done community to community would it work better?
- Kim: Yes, and connect them to the resources.
- Polly: doesn't feel like its being shoved through their throat.
- Dwayne: the timeframe of getting contractors to do work within the transaction time also is difficult, it ends up being the homebuyer who makes the changes.
- Garen: what about making it part of the inspection process?

- Kim: its optional
 - Dwayne: we do a limited score, but we don't even send the energy report out until 5 – 6 days after we do the inspection. They explain that this is future, down the road stuff for the buyer. Most people who buy into that care about carbon, etc. Younger people do this, but they lay it out later after they do the negotiation for the sale, but they still give them a punch list. Its not a negotiable report, its a FYI.
 - Garen: wonder how useful if the inspection is done on a non-windy day, that only gets caught if they do a blower door test.
 - Dwayne: there are a lot of emotions involved in a sale.
 - Anya: if its part of the inspection, its a buyer cost not a seller cost. But then the murky waters the seller doesn't get to see the inspection anymore. How do we work through the negotiations if only one party has the number. I do think this is important, but I'm struggling with how we would attach it to an already challenging situation.
 - Dwayne: buyers and sellers get their heads wrapped around the silliest things. I didn't see a reason to have their heads spin around something that is basically irrelevant.
 - Garen: would finding mold in the crawlspace be as important as no insulation in the attic or walls?
 - Kim: health issue and air quality, and that is the trigger for some remediation.
 - Garen: he has inspected homes that pass the inspection and then a month later found that ducts were disconnected in the attic and weren't heating. A comprehensive HES (too little), HERS is too far. HES is lipstick on a pig.
 - Dwayne: timing of safety and health issues.
 - Kim: One of the brokers in her office, she had a duplex and the furnaces were failing (gas), Capitol sheet metal came in and knew everything about the rebates and taught the homeowner for the tenants about electrification. They did the math for her what the benefit would be for her tenants, and brought the cost down to a reasonable level. Capitol sheet metal chose to be an expert.
 - Dwayne: you go to the existing homeowner. Target them, homes 15 years or older.
 - Kim: Or with pulling permits for new construction or remodel.
3. Discuss the impact of occupancy and operation.

- Anya: I don't think we have low income purchasing in Thurston County based on our prices. They can't afford to buy in this market. The home inspectors do a really good job of educating clients, like a wall heater could be challenging on a pocketbook.
- Garen: I put my duplex HERS score on the zillow rental listing, both tenants said I'm choosing this because I know my utility bills will be lower with you than if I went to the duplex down the street. Got faster turnaround on vacancies because got people who were looking for that and came to him for that.
- Dwayne: See the listing and see average payment, people are willing to disclose that. I don't see what the issue is for an average utility price.
- Polly: I've had clients asked to find what the utilities are per month and they've done it. There is a way to get it, and then it just goes back to what their budget is set for.

4. Energy Performance Reporting slide

- Polly: the usefulness of the information would depend on the buyer.
 - Kim: depends on education and communication. How do we create a desire for buyers to see this?
 - Anya: I think it would be beneficial. We have more inventory than we have had in the past, but we still lack. If I show waterfront and we've been looking for a year and meets all the needs but the score sucks, the buyer would buy it and figure out how to fix that at a later date.
 - Garen: I would concur, and with new construction model as well.
 - Kim: I did an experiment. I worked hard to build a green home and she did an appraisal done, and the appraisal wanted to do the appraisal so he could see the house. \$300,000 worth of improvements made into the design – no attic, no crawlspace, extra rigid foam, but there was no way for him to give value to that.
 - Garen: did you rater give the energy addendum? Not much bump in value? I got a \$90k increase in mine. Aren't all appraisers being trained on the green energy addendum. Every house we do, we give the addendum.
 - Stacy – its used to standardize anything green for appraisal. It comes back to valuation and investments in a property and how they're valued by appraisers.
- #### 5. Energy Performance Disclosure slide – are the results of a HES something you would discuss with clients or would it be incidental?
- Kim: I would discuss it with clients, especially first time homebuyers because they don't understand the holding costs.

- Garen: How much are Energy Spark mortgages used in our County? That would be a huge thing, it would be a brilliant. 1 point reduction.
- Pamela – you would need to have the HES at time of listing if you want to use this lending opportunity, if it didn't exist when you come to the table it would be too late with the timing of sales
- *none of the realtors knew about the Energy Spark mortgage program
- *there was a visible a-ha moment for realtors

6. Compliance

- Garen: Question – brand new house, low hers score, does not require HES score be disclosed if it was. Would that cause conflict in how a home is listed in MLS if it had a HERS score and didn't have to give a HES score.
- Kim: that's confusing that its opposite with HES and HERS
- Garen: Another conflict would be a brand new house that doesn't get a high performance home standard but is meeting recent state energy code which is very high in WA. What HES does it come as a default? What reporting and disclosure comes from a 2021 code house? Can it just come defaulted?
- Garen: How would it have any weight if its not mandatory?
- Polly: There is no accountability.
- Kim: if you have more money you can hire an attorney and fight stuff. Fine high. People wealthy enough don't care about the fines.
- Anya: Voluntary doesn't exist to me. Who is going to volunteer to spend more money on something that is typically expensive.
- Dwayne: Why would we try mandatory since we don't even enforce what is out there now?
- Kim: Current practices make compliance a joke.
- Dwayne: its a whole state issue – accountability.
- Kim: the administration of a fine system probably costs \$180 to collect when the fine is \$100. What a full time FTE is? What if all that money was spend on education.
- Garen: I've had lots of these conversations with Code officers. Energy code is not being applied as a code across the state. They look at their job to protect health and safety – they're looking at issues that could harm someone. The fact that there is a code out

there that can save the state 0.5% in electricity usage statewide is not as important to them as health and safety. I can't argue with their point.

- Garen: If this happens, I would advocate for there to be a countywide database stored and that be mandatory. Whoever inspects these homes needs to keep a database of the scores and addresses, so we can look in 5 years to see if we're doing any better.
- Dwayne: This has been around forever, but there isn't data on the system.

7. Low-Income Subsidization

- Anya: More information is always better. Who is providing that information and that follow up to their questions? Is it realtors is it inspectors? Who will give that information?
- Kim: Who do they go to for that expert advice? We are not the experts on this.
- Polly: I wouldn't feel comfortable to give that information.
- Kim: We have to get started somewhere. I have a sense of urgency about climate change. We need to put cooling in for tenants, how do we modify our infrastructure for storms?
- Stacy – if the collaborative could provide that information, would that help?
- Polly: Sure, that's more information that you're able to provide to your client. I'd rather go to a third-party vendor who has that as their forte.
- Kim: Way fewer than half of real estate sales are brokers anymore, there is a difference between who does this. There is a diverse level of skill in our industry. That's why we defer to experts and referrals.
- Garen: I look at it as an educational thing for the seller completely. I will never sell another home without having an inspector come in and tell me what the buyer's inspector will find. I'd do the same thing with an energy rater. As a seller, you rely on the realtors to give you expertise, and they could give that information.
- Polly: is most of your work up north?
- Garen: tacoma, seattle, portland, vancouver. We've done a lot of audits on normal residential properties.
- Kim: Buyer pays for inspection but forms are very clear that we don't disclose what we find on the inspection. We end up not providing – once seller knows condition of the home they can't un-know that there is something large failing – and we all think you'd share that information but if there is financial hardship it doesn't get shared.
- Dwayne: what about that changed with the whole disclosure?

- Anya: litigation

8. Regional Coordination

- Garen: No, they should not create a countywide policy to implement this on a countywide process. HES is doing to cause more confusion than implement its goals. I did 2 of these, and I won't do anymore. Its not a profitable line of business and it doesn't help the buyer or the seller.
- Kim: Its really difficult to explain if there is a different score or practice. If something does happen, its better if its the same in all the jurisdictions.
- Garen: Do you have 1 utility?
- Dwayne: If everyone is doing something different, it would be a mess.
- Garen: if you're doing it, do it regionally. If you're going to implement a bad program, do it consistently.
- Polly: it should be all equal and across the board.

9. Anything else?

- Garen: Id like to hear more about Energize Thurston.

Focus Group 2

1. Assessment Type

- Jessie: Is this creating something new or is it similar to HERS rating, and does it create a market where it disrupts that pipeline – like a homeowner moving to a better house, but I want to sell my house is it going to block me from selling my house? How would this impact that pipeline?

2. Experience with home energy performance

- Nate: As a home inspector we don't do much at all with energy performance, looking for damages or existing situations. Nate does the basics well, but some inspectors have add-ons and do thermo-imaging and will charge extra to look at a home's insulation values and make some assessments, but generally its not done for normal home inspection. Customers do not ask about energy performance or climate. Intrigued by energy assessments of homes for energy to be an attractive feature as part of home-buying.
- Ben: Looking at it from a different angle, we've been partnered with Olympia for Energize Olympia and we do do some minor efficiency work. We haven't looked at ratings yet. This year they have about 1 Million in grants for home repairs. We also build the new homes energy efficient, funded by grants, ESDS and things. Homeowners opt into tracking and get a \$50 gift certificate – they can either show bills or get a tracker installed in their equipment. Evergreen Sustainable Development Standard.
- Mark: Its not an elective process, its driven by the energy code. We do a lot of stuff we don't want to do and it doesn't make sense and it adds a lot of cost. We do stuff like solar panels, and we don't have sun. Getting to meet energy code is really hard, we have to try new products that haven't been tested well, you don't know what problems you'll run into. A hidden cost goes directly to homeowner, there are groups out there doing home assessments based on the energy but that goes into appraisals. The energy score rating increases the cost of the house, the cost savings in energy gets rolled into the cost of the house. A house you could sell for 690 sells for 717k – the cost goes back to the consumer, and that market price raises other home prices.
- Kevin: I'm around building inspectors and building official and they're always dealing with energy credits for new housing, that puts a strain on some developers.
- Ben and Mark: the new energy cost is expensive.
- Jessie: Over the past 10 years the cost to meet energy code has gone up ~\$100,000 The last code cycle 14-20k, code cycle before 10-15k.
- Mark: Solar doesn't make sense here, but its a way to meet energy code here.

3. Compliance Slide

- Mark: That feels a bit inverted because the homes that need the most improvements are not included.
- Jessie: My thoughts are around the new building code, we're at least 2 code cycles ahead of the rest of the country. People may see as doubling down on these requirements when they're already meeting new energy codes. Might affect the sale of the home. Maybe up to 4 years ago homes built might be exempt as well.
- Mark: All new homes in WA are EnergyStar certified because of the energy code. Getting an additional rating doesn't make sense in WA.
- Nate: Would Energy Star work for the high efficiency standard requirement?
- Jessie: in theory the new builds would have a higher score because of the energy code?
- Ben: Since we built to the ESDS, its actually higher than the state code. We get a third part analyst who comes and certifies the homes to meet those standards.

4. LMI buyers

- Jessie: I wouldn't say there are no low income homebuyers, they might just not think that they can. Low income buyers may just not be buyers because they don't think they can. I've been poor enough to have to scrape for change in the ashtray to get gas, I get it, if you don't know you can afford it you think you can't. This ordinance might increase the upfront home cost, but people are concerned about the upfront cost even if there is cost savings over time.
- Nate: they just want home ownership.
- Jessie: Poor people don't seek rebates.
- Ben: Our average household we serve between 80-130% AMI, we have a waitlist of 500 families in Thurston County. We just had one homeowner drop out because they got higher income, for that one house we have 50 applicants.
- Ben: I think the impact would come to LMI homeowners currently and going to sell their house and getting a decent price to make it affordable to move on. With the energy program with City of Olympia, we saw a lot of homeowners who have been in the home for a long time and they don't have heat or cooling, its an old housing stock. Would a HES score affect their ability to sell their home if it was a low score. We have a large older population now transitioning to moving out of WA because of affordability, might be a less favorable house for someone to come in and purchase.

5. Education with Score

- Nate: its a great conversation and a real conversation, to have information that would help improve that homes' performance. During an inspection, sure, if I had the

knowledge to communicate what the score means and what I'm seeing everyday then refer to specialists. A score would add an interesting conversation – information is power and its important.

- Ben: Commerce puts out a lot of funding for nonprofits to do webinars, and education across the state. We got SEEK funding to energize. There is funding to facilitate the right educational pieces.
- Mark: Target group is current homeowners, not new builders.
- Nate: for remodelers, yes

6. Transaction

- Mark: the seller makes the improvements to try to cash out on more money. I did this, added insulation. It was 5k improvement and I got 20k more out of the sale.
- Nate: my gut says 10% or less of sellers might be savvy enough, with conversations with real estate, they might have that conversation and make some improvements to get ready for sale. 10% maybe would put money into the improvements might cause the value of the home to increase. 10% would be fairly substantive.
- Ben: I see this as a potential hinderance, they don't want anything that is going to affect the transaction. Might drop the value of the home because there are obvious needs for retrofits, or the cost of retrofits decreases profit for seller.

7. Energy Performance Reporting

- Jessie: the incentive information could be useful, but it depends, LMI people are not seeking rebates, but if it was built in somehow
- Ben: going through this, for nonprofit, this is beneficial I can go to grants to help these people.
- Ben: Energy spark helps the seller be less burdened if the buyer could roll that into the mortgage.
- Jessie: people need to know that program is there.

8. Implementation of upgrades

- Nate: the home improvement specialists, but where do they go to get the money to do some special loans for this? The resources you go to the weatherization specialists, remodeling, etc
- Jessie: Go to omb.org there is a business directory for everything you can think of associated with the building industry. We do have tons of members with experience with energy efficiency, mostly self-selected.

- Kevin: we don't give recommendations from the city as that could show favoritism.
- Jessie: LNI website to check a constructor's background, but outside of that no vetting on energy professionals
- Ben: King County and nonprofits that are in the educational aspect of energy efficiency, but we haven't applied for those grants locally
- Jessie: City of Olympia has a good program to learn about incentives.

9. Regional

- Jessie: it could be good, smart people will replicate what was done right first. Olympia has a good program, model after energize. Do the things that are already working.
- Ben: They are, with Energize Thurston. Our educational program for group purchase is attracting people from all over the county.
- Nate: Energy is not part of the conversation. The simple you've got old windows, versus updating windows, do your own cost benefit. If you've got an older furnace, suggest they do cost analysis and talk to specialists. We have those general conversations about the homes as we're inspecting them. I have folks that I know and refer as specialists.

10. Disclosed

- Nate: probably going to have some grumbling of sellers and their real estate agents for the first few years as they're getting used to it. This is going to detract from potential market price and during inspections they will have to have that discussion.
- Kevin: I could see people trying to sell their homes before this is implemented if their home is older and they think it could affect the price.
- Jessie: do they buy again here or do they move out? At the point of sale is where its going to impact people. There may be a rush to sell and move on. The ones that haven't done the upgrades will lose out because they're competing with those that had.
- Ben: Our buyers buy the home for 30% of their monthly income no matter what.
- Mark: I've done 400 walk throughs, nobody ever costs about the cost of electricity, sometimes they ask about how much the solar panels will produce.

11. Valuation

- Mark: Depends on what level of people are buying a home. If you can spend 1,800 a month on a house, you only have so many to choose from. If you can't afford the 7 score it doesn't matter.
- Nate: How would appraisers calculate that into their values?

- Jessie: I believe a VA appraiser would.
- Ben: I can see a VA appraiser saying it has to be a 7 or higher.
- Ben: I more worry about what underwriters are going to think. If a home is below a 5 are they going to think its too scary to underwrite the mortgage.
- Nate: thats scary. That would be the worst case scenario for me, to be denying loans for the process of buying a home because the underwriter builds it into their process and formula – I would not like to see that.
- Ben: especially as the state gets stricter and stricter in energy codes.
- Mark: those manufactured homes are starting to look pretty good.
- Nate: would this affect appraisals. An area of old homes might go down if buyers are choosing better scored homes, because appraisers are using comps in that area. Probably a small effect, unless the appraisers had standards to use the rating as part of their valuation then it would be a more direct impact to the home value.
- Nate: information is valuable and the information is cool, I'm excited about the idea of having that information but anything that makes homeownership more expensive or less attainable, anything that is a requirement from government to implement you have to – that's a bad taste in people's mouths.

12. Other

- Ben: we're moving closer to building passive houses, there is a program called VS that does educational webinars and they have passive house education. That would be a resource they would give. Its accessible for the layman. PHI – passive house institute.
- Nate: a trifold brochure explaining what the energy score is with a QR code. Nice talking point during the transactions.
- Mark: its usually a cost analysis the highest value at the lowest price
- Jessie: most of our audience are builders, but he gets phone calls all the time. They put out a magazine, emails, and articles on housing industry to the public. I could see us doing a page on the website with all the educational resources, we do classes at the office on a variety of things. If we had a contact that is very knowledgeable we'd have them come teach a class.
- Ben: We're working towards being HUD certified to train, I see that as a component. HUD training for the public.
- Kevin: I'm from Puyallup, the first thing I did was get a real estate agent that a co-worker recommended.

- Nate: research and find a good agent to start with and do interviews to vet the agent
- Jessie: get the agent first, but I've done redfin in the past
- Mark: energy code changes every 3 years. If you look at a home 30 years ago its wildly different from 10 years ago and then from 10 years ago to now.
- Jessie: if you're looking for a specific, early 2000s is when they started ramping up energy code. Before that, in the 1990s, they had a NW Energy Star. Basic home is the highest rated in the rest of the country.
- Jessie: Maybe if you're the average customer they would assume that newer homes are built to a higher standard and the older ones are not, maybe the energy score would prompt them to buy an older home if it had a higher score.
- Mark: if your energy bill would be \$200 a month, its only getting a % with each energy code, you can only improve so much. Blower door tests, all mine come in as 2, but it used to be 4. Would that be saving someone 2 dollars a month? The benefit is the last 2 code cycles put heat pumps on the houses, before that no heat pumps. In this next one, having hot water supply within a distance.
- Jessie: Mandated heat pumps in 2020 cycle, but you essentially had to put in at 2018. Heat pumps are mandated in new construction but you can have a gas backup, but you can't have it as a primary. The gas backup is a negative for energy equalization credits. 2021 is when it was mandated. Thats the thing now, builders are now building to chase credits, which is why it started earlier than the 2021 mandate.
- Mark: a credit is about \$9,000.
- Ben: we've been doing heat pumps for the last decade, now we do ducted in every room.
- Jessie: When we were looking in 2014 we were seeing homes with more heat pumps.
- Kevin: I am the only code enforcement officer for the City of Lacey, there is nothing in the code that says that they have to, this would greatly increase my work. I don't have a lot of experience with energy code, most of the time I'm dealing with people if their house is habitable or not, not worried about energy efficiency. Conversations between building inspectors, building officials. We would have to have someone that one of their main focuses is to look at listings to determine who is out of compliance. I don't have time to be proactive in enforcement, I mostly deal with complaints. Olympia has 4 code officers.
- Jessie: valid point with the staffing. In our industry we're seeing jurisdictions don't have the staff to keep up with what is happening. That means requiring more FTEs, which is

more funding and building departments are usually funded by permits, etc., which means increasing the cost of housing.

- Nate: I wish there was another way to gain compliance to this versus enforcement and adding cost to municipalities and having that negative, if there was a better way to achieve the result without the negative and the cost.
- Kevin: if you had an expert, I'm the guy who deals with people who have roosters at their house, if you had someone who is a climate type person who is doing enforcement that would be good
- Ben: say this takes off and we have an older housing stock in an older area of time and they're all trying to be a 10 and then PSE is doing calculations on what the grid can handle?
- Nate: well efficiency would be less energy
- Jessie: IBEW may be a decade out from the staff and infrastructure to be able to support electrification.
- Nate: fine the gate, find the other way
- Mark: the irony is that fee could be charged up front if the realtor is held accountable.
- Ben: what if it was more tied to signing with the mortgage, take it out of escrow if they didn't pay it
- Kevin: or something would be flagged. I've been there 4 years and I can't say when we've issued a fine. We do a criminal complaint and that goes through the attorney for a lien on the house. Half the time the attorneys don't prosecute what I want them to. It would have to be very clear as to who is handling that.
- Nate: there is a way to do it without municipal enforcement. How many homes are sold on MLS with realtors vs outside of that.
- Kevin: I think you'd want more getting to comply if it affects the price rather than a fine.
- Nate: At closing, flag if there is no energy score, the seller needs to reserve \$300 to pay for that score.
- Ben: if it goes through escrow, there is a lot of downpayment assistance for those who are in the lower income area, that fee could be written into that. Write it into the rules.
- Jessie: anything you can do to – homeowners feel there is a lot of punitive
- Kevin: that would be better

- Mark: even if you're a homeowner on redfin, you can't list it. You'd have to have someone registered as a certified scorer to make sure the information was accurate.
- Nate: puget sound energy, we pay them a lot of money, do they not want to participate and don't they want to lower their impact for environmental and decrease stress on the grid. Shouldn't they want this.
- Mark: everything they do seems to be opposite to this.
- Jessie: everything they've pushed puts the burden on the homeowner.
- Mark: the next two plats we're developing we're not putting in new gas, so that makes more stress on the grid. Now if you want to put gas in on a housing project you're looking at \$7k to put that in.
- Jessie: that also might be a question to bring to the UTC.
- Nate: awful frustrating from his standpoint, he invested in solar on one of his houses, I wish I wouldn't have thrown that dart at it because questioning if that was a good investment or not. I can't get ahold of anyone from PSE to help me look at my property where they had to review and approve this solar system, they just keep sending me bills.
- Nate: it would be cool to see a 2 rating and an 8 rating and see the energy cost and see 50 homes in that 2 category to compare.
- Jessie: make the incentives obvious, poor people aren't looking for rebates.
- Mark: try to go from bottom up for incentives. When you're at that spectrum it is harder to find stuff. I remodeled my house, its was from the 1970s, it was harder to remodel for energy very little insulation, just the envelope the bills went down 50%, I offset those costs in 6-7 years. The solar panels you get negative money a month, on that end, it goes to the illogical side of things. Encourage from the low end – on the improvement side of stuff – building envelope, ductwork, replacing windows. Those are relatively low costs that make a huge improvement to the house.
- Jessie: on the cost of housing I recommend going to not just the NAHB, OMB, and BIAW on how these programs are impacting the cost. For every 1k cost added to a home you're pricing out 42 WA families.
- Ben: at title when you set other pathways for MLS, even if you're owner financing you have to go to title.

Focus Group 3

1. Assessment Type

- Dietrich: we have a little bit. Our energy spark program when it launched it used HERS report as the criteria for the program, we have since then added HES as a method instead of a full HERS report. The cost of the HERS was doubled for HES and we felt that this DOE method seemed to still get us to a good place.
- Doug: I'm thinking about how you're framing this and I'm trying to find a comparable. Energy rating on appliances, I will look to see what its energy rating or estimated cost is. Same thing with mileage on a vehicle. Manufacturers in those cases gives a rating of efficiency at time of purchase, and once I buy it I'm done with it. I'm a typical homeowner. I've never gone back to see if the energy efficiency was equal to the claim, the closest I come is Mpg on a car, because its also reoccurring. As I look at how we do this, the closest analogy is tailpipe emissions in some communities you need to have your emissions checked on your car before you renew your license. I suspect most wouldn't have it checked except now the license renewal is contingent upon checking that box. Its information for the consumer in advance of a purchase and then as a regulatory standpoint a thing you got to do to get the thing you really want.

2. Compliance

- Dietrich: if its not mandatory its not going to happen. The real estate transaction is one largely driven by brokers and mortgage lender. They want the most simple a to b. Adding an additional item generally is optional will mean it will not happen. We've had energy spark in place for 7 or 8 years, if borrowers use their program to buy a home they get a ¼ lower interest rate on their first mortgage, if its new construction it needs to exceed WA energy code by 15%, for existing homes we have folks go through a retrofit with a HERS or HES rater and figure out the energy use of the home and come up with improvements to increase efficiency at least 10% or more, it usually only happens if there is a really zealous homebuyer and the market isnt' too hot or heavy. Brokers will steer people away from anything that makes a deal more complicated. Since 1993, if you were doing a FHA or VA loan, you always had the option of an energy efficient mortgage. There is a great white paper about the EEM. If you go to your mortgage lenders to ask for it on your loan, they will scratch their heads but they wont do it because it adds extra process. Because of several factors, its probably because real estate brokers don't want added complications. Many contractors might also not beat down the door for 10k worth of work to do improvements. It you want a program that has a bite to it in the marketplace, it has to be mandatory.
- Doug: I think it depends on what you do with it. If part of the condition is that you have full disclosure to the buyer that might be ok. But I think for initial implementation people will hate it because we don't sell homes that often. When I decide to sell a

house, I typically have a timeframe in which I need to complete the deal, and this is one more thing that stands in the way of relocating. The infrequency by which we do this combined with the barrier to the ultimate outcome creates discontent and the realtors will blame someone. But then the question is what happens once you get the score. If now the buyer can leverage it to ask for improvements similar to a home inspector, now there will be even more pushback because now you're taking money out of the sale. It depends on the size of the gig now, if its 1k of small work, it will slow down the process to get a contactor, and do we even have this workforce to do this work? I don't know what the remedy is during the transaction period. Imagine buying a heat pump and now you the purchaser have to use it before you can use it – similar to energy star ratings being done by manufacturer. What to do the score other than buyer beware. Another pushback is what part of private don't we get? Its a private sale of a private asset. Now the government is assessing my private asset and influence that in my private transaction. Encroachment needs to be addressed.

- Nate: I think the HES is a piece of garbage, because it is so watered down it means nothing. Our program gets funding from DOE, utility, state, etc. The program started under DOE 50 years ago, the legacy of that, everything we do is required to be justified based on savings to investment ratio. 40 years ago they realized all the . We're home performance more so than energy efficiency. Indoor air quality, health and safety of the inhabitants, and energy efficiency comes with that. DOE makes us justify air sealing, etc. on if it pays back in kw savings. This number will mean nothing to people. Energy savings is not where you, until we tax carbon, energy savings doesn't cover the cost to make these improvements. There are a lot of good reasons to do this, but HES doesn't do enough to get us there.
- Dietrich: Isn't HES the scale of 1-10. Its based on local comparison.
- Nate: Yes, there are smart people who put it together and I'm sure it works in some context. I just know the more they try to simplify the utility programs to justify the energy savings, but its not a simple calculus, its just not. You can look at it and see that its not energy efficient but also see people living in it are suffering poor indoor air quality. Then what can you do after that. You can't get a contractor to make the house better. Our whole building industry is specializes and there are incentives to do all the wrong things.
- Doug: I like the idea of it being owner driven. Part of the reality of selling a home is I clean the carpet and mow the lawn before it goes on the market, but I might not do that he first 10 years I live there. How do you do a good job of having existing homeowners do these improvements without associating it with a timeline. How do I game this? How do I get the highest score with the lowest effort. Like gaming LEED. If I were selling a home that needed to have this, if I need to have a higher score I'm going to find the cheapest, easiest, fastest way to increase my score.

- Doug: I would just not list the home to avoid the process, for sale by owner. The key thing here is the listing. The challenge here is realtors get ongoing education as part of their licensing renewal and it's done at the state level, so now you have a one-off. Thurston County realtors would have to take a special class, buyers would need a special notification. Who is going to do that?
- Dietrich: speak with local MLS they would be a good partner, they do classes. They would be the only source point. The MPG was a great analogy, you as the consumer can measure it. That's the great thing about MPG is that you can have confidence in it. The only measurable result that the homeowner has that is palpable to them, is their energy bill. I like what I see on PSE's bill where they show you your energy usage this month and same time last year and difference in average temperature, so you as a consumer can confidently go I put in 3k of insulation it looks like my energy use is down as a result. You can have confidence as a consumer rather than feel like government is making you do something that is good for you. If the homeowner can't measure that themselves, some work needs to be done. Consumers don't normally know how to make their homes more efficient. I do training each month and I ask folks what the most effective energy efficient improvements – I hear windows and solar – but those are the most expensive. It's the insulation, the furnace, cracks, air sealing. There is an awareness campaign that will help your cause overall is by helping consumers know the cause and effect and getting to an efficient place so that they're on board with it. It's a good endeavor and cause but not everyone understands the details, consumer education campaign ongoing and then having something measurable with the energy companies so they can see that their bills are lower. Make it clear – cause and effect.
- Doug: I agree. It's a consumer lifestyle. The challenge at making it at the point of sale is that that's not a lifestyle, it's part of a transaction. It's not transformative, it's just a thing I gotta do that is in my way. It feels like it's an idea written by bureaucrats for what is the easiest way for me to achieve this rather than having more knowledge as homeowners to know what I can do to make my life better.
- Nate: what if you compare this to time of sale for septic systems, that's a good analogy. We don't allow people to dump into Henderson Inlet because of shellfish, we require at time of sale. Maybe now you're not allowed to dump your carbon into the atmosphere.
- Doug: yes like that. If you've ever talked to someone who had to spend 5k to repair the system before they could sell it, they wouldn't say it made their life better. It feels punitive.
- Nate: it doesn't feel better if you're the one holding the bag, but it's for a good reason.
- Doug: there is a slippery slope. If it's just a disclosure so you can know, but maybe later we decide that you need to have a minimum of a 2 before you sell your house. I can

make this a health safety issue. And now I'm trying to influence the market and the market will find a way to compensate and work around it.

- Nate: I think HES gives us something to go off of. Dietrich's point it is a consumer education thing, if someone gets a HES of 3 they're going to get sold a new heat pump system but really the 3 is because the ductwork is disconnected and the heat pump won't work like the energy star label says because stuff isn't working. It is a good place to start and gets the conversation started. I think about time of sale for septic, ive encountered the pain in the butt it is, but its a worthwhile thing. At some point you need to stop that leaking septic system from leaking into the bay.
- Dietrich: I think doing something is better than doing nothing and PSE needs to be a big part of this. Given the data set that Assessors have on homes and what PSE has there is some possibility to look at those data sets to look at homes given age, ft 2, etc to have a list of top energy users in the county. We've always had enforcement that buildings need to be not dangerous and meet codes. Having government step into this role that there is less direct danger but an impact to the community for inefficient homes. Even though its slow to make decisions, you're best enlightening people so you get more people on board on the program. Target most likely inefficient homes, that will get you further in the long haul if you put that baseline work in. Having the HES even if its just everyone has to have a score, but being overt and maybe some day we might say before the home sells it has to be a certain score, but now we're raising awareness. Be direct about it. The problem of the HES in the long haul, it doesn't measure against an objective standard, like WA Energy Code, they're all going to be above the standard but under some mark on HES method. Its not a perfect system but its going to move us forward.
- Doug: If jurisdictions are interested in moving forward, that you place it on the ballot as a referendum. This is a tax by any other name.
- Deitrich: before I'd like to see that, I'd like to see the education so people have an informed choice.
- Doug: If you do this over a period of 1-2 years before its on the ballot, so people can make informed decisions.
- Doug: savy seller is going to build \$150 into my sale. The cost of housing, what is another \$100, 250, 5k dollars and pretty soon the nickels and dimes add up. We're adding to the cost of housing, even though the intent is to draw down the cost of ownership.
- Dietrich: promotion of the cost of ownership, the most you can have a visual means the better off you are. Thats something I can have certainty in, being able to work with PSE to report savings for the households that have gone through this. Id be curious to take lessons from the portland experience to see what lessons is to be learned.

- Doug: I don't think its very useful because its not real time and its not constant and persistent. A better tool would be a meter, similar to mpg in your car, to think about your own health like a smart watch to show you your blood pressure, etc – real time information gets you immediate information. This is a point in time score and its not occurring in real time. If I had to pass a meter every day that said my energy level, I would wonder how to change that. This is why people have scales in their bathroom. Its transactional, not transformational.
 - Nate: that would be something to get the existing owner to make the change, this is a different lever. If we really saw the difference it would be the cost of electric or a gas tax, but consumer education, we're likely to repeal CCA because consumers are getting some information, but its debatable if that information – which groups are loudest and best funded. Might not be in the best collective interest in the long run. The point of putting it on the ballot is that people don't always vote on their best collective long term interest. This does have a useful meter for the buyer to look at, to compare. People won't do stuff unless they have an incentive to do it. Most people will look at energy efficiency payback and wont do it because it doesn't cost enough for it to be a cost savings. Its only 10cent per kwh, so they don't worry about it. These are expensive improvements to be made.
 - PK: If I'm looking at a house the last thing I'm going to look at is a score. I'm not going to not choose this house because of the score because I have other needs to consider. I think with a lot of consumers its not going to be a deal breaker, decision maker. This isnt going to sway my decision. You look at listings and other types of indicators, I don't look at this. As a seller its one more frustrating thing. If the house price raises by 10k, thats a long time before youre cost neutral if the improvements cost 500. Everyhting we see in recent history, information, seatbelts etc. Of course I'm going to raise my house by whatever repair is made, as a seller that would be my requirement. I may already be under a tight budget from moving from house a to house b, 5k could sink that whole transaction and require major life changes.
 - Deitrich: the market is going to have an influence on prices that is bigger than that. As someone who has recently sold 2 homes, there is a lot. Its jut one of the pieces.
 - PK: I look back to CFLs and how much I was supposed to see energy bill go down, and I watched it, same with LEDs, I haven't seen a change in the usage in my power. Why did I invest all that money. Even solar, which I'm glad to have, I'm looking at 20 year payback, thats a long time for payback.
3. Energy performance reporting
- Dietrich: thats all good and useful. I think something that hasn't been talked about, people to tend to decide with their pocketbook but they like to see actual results. I look at it and I don't trust the savings estimate. I trust when I see my bill goes down. There is

an aspect to be added, you need someone in the totality of who is involved in this to be a goal maker. In addition to individual incentive which is necessary, you need to take this on as a community to get over the hurdles. What is our goal for 10 years for now for average household energy use. Make part of that the campaign, so that for those of us who like to be altruistic, we can look at a dashboard that compared to 10 years ago things have improved. We're in the richest country in the world, at the richest time. We're doing magnificent. We don't have it bad, but we can complain about it. Its good to align us to something that is a bit more aligning than just our pocketbooks.

- Nate: it sounds like a good idea if it would work, how do you do that? We have a society right now that is pretty selfish.
- Doug: Community goals are really hard to set. What happens when you achieve it? We have a hard time setting community goals. Our contribution to reducing whatever is not making an impact because of what is occurring in some other country, it seems like a waste of effort, because from a global perspective we're a drop in the bucket. I got other things I need to worry about. It makes us feel better, it compensates for things we've done in the past, but community goals are really hard.
- Deitrich: its the magic, uniting a group around the goal. When you're successful it makes it easier to overcome the hardships.
- Doug: as a community or society we don't think that way in the long term. Large mobilization efforts were about a crisis, win the war and then the war was over, but to reduce and sustain its the sustaining part that is problematic for goal setting. Its a good idea, I think its hard. Still run into the problem of who set that goal. This is one more thing to keep track as a community member – there are so many other things, we have goals about student success, lifestyle, etc it is endless now the things we need to be monitoring but yet obesity is a huge health problem for our youngest resident. We can't get people to eat right let along invest in their home.
- Nate: if we took this, 5 years out this got implemented and was another thing people would need to do, do you really beleive it would be that big of a deal in the transaction. The septic inspection was just something else you need to do, you get the home inspection, probably the home inspector becomes and gets a 50 dollar bump in price to do the energy inspector its not a big deal. If you think about it in those terms it doesn't seem like that big of the deal.
- Doug: valid point. But thats part of our problem.
- Nate: are you suggesting nobody is going to sell homes anymore, thats hyperbole
- Doug: implementation is going to be so critical
- Nate: if it was done right, sorry for the hassle here is why, but it could happen

- PK: I think for some it would prevent a barrier in selling, again if it becomes more of a factor and those additional dollars I need to spend on home score, it could be a specific barrier. Incentives are great but they never fund fully.
- Nate: lets assume its just the home inspection, no requirement to do anything, just for information
- Doug: they leverage it. I want the seller to pay for the repairs
- Nate: In theory, are we against consumers having more information?
- Deitrich: in 5 years no, it would be normalized. Is it too much to ask for? No. In 5 years, would it get you where you want to get to? Would the car have driven to the destination, or only get halfway there? Also have accountability to see if you're getting there. If we're not, adjusting the program.
- Nate: that is a fair program.
- Deitrich: the low hanging fruit, I bet if you look at the full data and did eval, and took the bottom 25% of homes we could really get
- Nate: what are you going to do about it, those poeple can't afford to fix their homes
- Deitrich: there are numbers that could be gained, this would help increase the numbers. Part of delivering this is discovering new things. Be accountable to the goal.
- Doug: I think we could just do it, its more regulation and red tape, and some of this is thinking through the calculus of political capital. I would argue that citizen initiatives that are rollbacks of legislative action, those were all passed signed by government and now but it is costing political capital to sustain this.
- Nate: even though with CCA it was 10 years worth of back and forth between parties. It takes 1 powerful individual to put it out there and all of a sudden 10 years worth of work is undone.
- Doug: that's a political reaction to a political cost. Is it worth it? If your political capital is finite, is this what you want to do? If I need something to happen down the line, how will this effect trust for moving other stuff down? I'd rather be spending 2 hours in a focus group for a balanced calendar in our schools.

4. Data

- Nate: is it, if a house is out of compliance, is that publicly available?
- PK: not easily. FOIA.
- PK: On the board WA Association of Code Enforcement. Majority of cities are complaint driven. You've have to have 1 FTE for this compliance. Cities do not want to do

enforcement. Its icky. He has major cases on the books since 2018 that have measurable data driven negative effects on the community and cities don't want to do the enforcement on it or bring it to court because that enforcement is icky. That would be a huge shift in the way that code compliance is done, its code compliance not code fining. A lot of code enforcement cases are not a neat and tidy 30 day issue. Personally, some cases are 6-7 years and some before that. Average looking at 120+ days, and that is standard. You'd have to have a minimum of FTE for this. Thats a lot of salary and benefits. Some jurisdictions would not be able to afford it. There is no way, personally, that I could fit that in my work schedule, even when I get my 2nd on board that would take up so much of our time its impractical. Would I have the city to start levying fines?

- Nate: What is the mechanism for time of transfer for septic?
- Doug: It might be the lender
- Nate: I'm talking about in certain watersheds there are requirements to have a time of transfer inspection – pumped, inspected, and repairs. With that, the sale could not go through and future sales too. What is the mechanism?
- Deitrich: I hate fines, I like government signoff to move forward. I think its both the lender for underwriting guidelines and the COunty wont record unless they see the green light on their screen. NWMLS could easily trigger adding form. For those small percentage outside of that norm, then you hit the county as not recording the transaction on their end. The end of the day, government always needs to have some sort of finding mechanism for outliers that escape everything else. Use may rather than shall might be prudent.
- Doug: It almost feels like it would be better to create an incentive to participate. I get \$500 if I list the house this way.
- Dietrich: what about the carrot? If you meet some criteria on the home, tax credit on taxes. It gives you an incentive point, and the ability to be more voluntary. Savings is material and measurable. People are happier when they get rewarded for positive behavior.
- Doug: this feels very punitive, you're required to do this. Its easier to sell something when I have an energy score, that's positive, rather than hey you gotta do this.
- Nate: what percentage of sales are not going through a realtor? Or mls?
- Doug: the business of being a realtor is changing rapidly. The recent court cases about how their compensated, calculation around commission and who pays for that. How does this work with the redfin of the world? We're thinking about this very local, but part of the challenge for realtors now is redfin, where everything is done online. You may be creating a program that is too dependent on a single occupation.

- Nate: that sounds like an unlikely thing to happen if local code enforcement is the mechanism
 - PK: I can think of all kinds of barriers to make this unsuccessful, the appetite of local jurisdiction to do serious enforcement is not there. Jurisdictions that have made – other states have proactive code enforcement and it ends up being a nightmare. There are a lot of challenges and a lot of barriers that cities aren't going to want to do that icky thing, especially since there are safety issues not being enforced.
 - Doug: you'd need to have enough inspectors out there, home sales are pretty emotional events, how do I do this? If there aren't enough, there could be a backfire. You don't want to become your permitting department- people hate those because they slow things down. You don't want it to have that impact.
5. Nate: where in the process is this?

Focus Group 4

1. Assessment Type

- Mackenzie: I have a lot of experience with HES, but Home Energy Performance, this is often used on existing homes, folks like to think about their home in terms of what their grade is and what they can do to make them perform better. The list of recommendations is helpful and you can reassess and rescore to see your outcomes moving up the scale. When I think about home performance I think about a homeowner wanting to make a home perform better.
- Kristine: I bought a home 2 years ago and this was not at the forefront. I was looking at price and interest rate. I didn't even ask if it was gas or electric. Wasn't familiar with HES until the collaborative brought this up. I wonder how this is going to help the environment and reduce GHG emissions. Am I really going to say that I want a higher efficient home. From a utility perspective, we're all for it because we have standards to meet. If we don't meet those standards, everybody is going to pay, because we will be censured by the UTC. So we support all efforts by everybody. We used to do home energy audits, it wasn't cost effective, too expensive for the company. I don't know how many people use our online self assessment. We all have to meet that goal. Its been difficult, we've had goals that the company has set for efficiency but we have not met them. Last year we met them for the first time. (not sure of sector or details, suspects overall). PSE has so many incentives, windows, insulation, etc.
- Thea: We're really deeply in this right now, we were just meeting with Community Access Network. I believe most of our tenants are LMI, we want to convert them to

homebuyers. Meanwhile, there is no insulation and the energy costs are ridiculous. I hadn't heard of the HES at all, I love that idea of having a comprehensive idea of what you're looking at when you look at the data. Its not just climate, it also affects the affordability of LMI people to buy those homes. They're going to have to make decisions, and we want to empower that. If it was a reliable number at the time of inspection it would be really useful. \$400 heating bills all baseboard heat. The weatherization, they're going to do a full audit. Its per building.

2. Compliance

- Thea: Ordinance implies regulatory.
- Kristine: What about renters? Will you create a new branch of the collaborative to have the capacity? What if they don't pay? What if they don't do it.
- Mackenzie: Launching a program you need to make sure the cities and the implementation team have an understanding of the administrative rules so you can avoid pitfalls with exemptions and compliance – administrative rules. Setting up systems for something like this, we have systems that connect via API the DOE modeling tool and another software program that speak to each other and we take that information and create reports that are branded and locally focused. For example, jurisdiction boundaries and how to deal with issues applying those boundaries for customer service. Make sure Assessors know where they're required to do assessments and when they're not. Be crystal clear and have well set up systems. Thinking about compliance, as an adopter of this methodology, start compliance with an education lens for the first year or two, not so many hammers right away so people get used to it, and as time goes on starting to issue fines.
- Kristine: Can you appeal if you don't like the score?
- Mackenzie: Yes, go to the quality control team. If there is any dispute it should land in the QA's person's lap. We take 5% of the total scores. Typically we weigh our QA on new assessors, not necessarily random, so we can help mentor to get scores better. Its a really good time to built relationships with real estate community. They're going to need to have a workflow in place to represent the seller. We have a system where the realtor goes into MLS and clicks a button to bring information into the listing. Might need to do some outreach, like webinars, to talk about the process. Developing with regional MLS.
- Kristine: that makes me think about electric load, it would be helpful to know how many home sales we expect on an annual basis because we might need to build new lines to support new loads.
- Thea: the educational number would provide the incentive, the incentive would be to have a more efficient home

3. Energy performance rating

- Mackenzie: it depends on how technology works behind the scenes, and that can be dictated by a MLS agreeing to share the data and setting up an API, those relationships and contracts need to be signed. MLS needs to be willing to play ball. If that happens, then, the real estate agent goes to the home profile and goes to the green profile, clicking a button, addresses match, then it brings in the numeric score and a link to the url to the report. It goes from DOE, then green building registry, then goes to MLS.
- Kristine: Big Brother!
- Thea: the timing I can see would be critical. As a home seller your agent will tell you you have to do things and if one of the things to do is the HES score, you have to do it, have it done, get the data in. I can see resistance to that.

4. Timing

- Mackenzie: Totally legitimate concern. That is a common concern that comes up prior to launch. When the requirements go into place, there will be people who want to be trained to do the work to meet the demand. The turnaround time is pretty quick. The assessors clients are realtors or sellers, and they are aware of the urgency. Usually, its 1 hour to score, takes 15-30 mins to put into modeling software, and then its ready for the listing. A couple days turn around time is average, if there is a technical glitch what we do as an implementer we go to the compliance team and let them know that there is a technical issue to slow down the process so they pause on sending out compliance notices. If everyone is talking together its a short turn around time, and if its not communication helps.
- Mackenzie: In Bend OR 2 July ago we did this. We trained a lot of people very quickly. If we want to be really aware of all the people who do these scores and wants to take a workforce development lens, do outreach to the communities create equity with job opportunities. It takes 3-6 months to get people trained up. Decide what your cap might be in terms of training assessors. For backgrounds, home inspectors, high performance home verifiers, general contractors, entrepreneurs. If you're an energy auditor, that's further down the path of learning and knowledge. This is a step into the industry. The tool automates the recommendation, your job is to collect data on the site.

5. Performance Report

- Kristine: I'd want to know what is the biggest bang for my buck to improve my score
- Thea: especially if you had that up front you could build that into your sale process, ask for things to be improved in negotiation
- Mackenzie: Time of disclosure policies it can go different directions. If you have an assessor, its important to train them on the incentives to make sure they're sharing that.

AND if they're aren't able to communicate that to the homebuyer because they were working on behalf of the seller, for them having it listed what incentives are available. The reports we have have prioritized measures with the best ROI, and then here are the other ones that are priorities of the program are listed below in a more customized recommendation even if its not meeting the ROI. Homebuyers are excited to have that information at a starting point to talk to a contractor and get the work done. Educate assessor market and make sure the report is clear enough.

- Kristine: If I have a question about my report who do I reach out to.
- Mackenzie: the assessor and you'll have their contact information. The homebuyer could link back to the assessor that they didn't work with.
- Thea: we raise funds (private or state and county) to acquire homes and we keep the land, we find subsidies to reduce the overall cost. Our market is 80% or lower AMI, for homeownership which is kinda a high bar. The model is we continue to own the land and buildings, and the homeowners own the improvement. We support them, stewardship is important, like help prevent foreclosure. Something like this would be absolutely helpful in them looking for properties. Renovation and resale, you don't know what you're getting. Existing buildings are in a price we can afford to subsidize. The first one was donated, people are taking less than the fair market value. Or we get a really good deal, it was a decent price and we got a grant from the housing trust fund, the subsidy stays with the property, when they resale they don't get that downpayment back it stays with the house. This really does mean a lot to us.
- Kristine: so I sell, I put in a 15k system, I get that money back?
- Thea: when they sell they get a flat rate of equity on the investment including improvements. They do own it, but they can't flip it for 2x the amount, you get what you put in and percent appreciation plus you get your loan payments and tax write offs. It makes it important that we put people into good houses. We're doing improvements before we enter the program. It would have been very useful to have that going into this. We had a usual inspector and they did not give us this much detail. For people like Homes First, they do rental for low income, they're acquiring the units and they're bearing the cost of utilities.

6. Subsidy

- Thea: if PSE gave homeowners a rebate, they get credit for the energy system they put in. If they sell the home in 2 years they would get most of that back. There is a warranty deed on the land.
- Kristine: I'm wondering if PSE might want to get back into the business of doing it if its going to be required. Everything we do is regulated by the UTC, they could have been the ones who told us the program would cost too much or maybe there were equity

issues I don't know. AS a company we would be supportive of the scores, it could potentially increase our vendors work if they take advantage it could increase the number of incentives we pay out. We have to meet our GHG reduction goals and if we don't we get penalized and every rate payer is going to pay that. But this could add cost to the home and it could be shooting yourself in the foot. From an energy perspective, its a good thing and I can see it spreading quickly.

- Mackenzie: Recently in portland we share data with energy trust of oregon and they do analysis on how the conversion of the homes that get scored vs not. What she considers a finding is that homes within certain timeframes, homes that are getting scored are 10x more likely to follow through with a utility rebate. We're excited to see the start of these findings.
- Kristine: do they track incomes too? Portland is not a poor area.
- Thea: there isn't anything that links weatherization programs with the home except for address.
- Mackenzie: there could be coordination with weatherization agencies. They often have their own modeling system and funding.
- Kristine: someone told me that weatherization saves more than anything else.
- Mackenzie: so far there hasn't been any impact on someone not being able to move forward with a sale. If you're in the green building registry that operates programs with mandatory disclosure, the scores are public.
- Kristine: am I going to have someone knocking on my door to buy a HVAC system because of my score?
- Mackenzie: that hasn't happened so far
- Kristine: they could do that on your build date from the home assessor
- Mackenzie: we haven't heard complaints about this. 2018 was when we launched the Portland program, the market is starting to transform.
- Thea: but looping back if this is an ordinance, that would make it a public

7. Virtual score

- Mackenzie: that would be a US DOE question. Nothing has been approved so far.
- Official vs Unofficial – official has qa/qc, tracked ensured for accuracy. There could be a reality where a virtual score could be done but not official.

8. JBLM

- Kristine: Is JBLM in Thurston county? You wouldn't be able to mandate that for federal land.

9. Mandatory vs Voluntary

- Kristine: people don't like being told what to do, then inflation adds \$300 on the sale of the house. I think it should be mandatory from a PSE program, anything that helps us cut GHG emissions. Rate increases may happen if we don't meet GHG goals.
- Thea: I think people do resist it they don't want more red tape, selling a house is already hard with these things, but it's only one more thing and if it's accessible and not horrendously expensive and if it's bundled in to a service something that has to be done anyway, so it's a flow. Mandatory makes sense, but the education makes sense because it's mandatory to benefit you.
- Kristine: if it's voluntary you're only going to get the elites, the people who afford it.
- Mackenzie: ON the ground, we see programs that do this voluntarily or mandatory. The programs that do it voluntarily there is no demand. High performance home programs, they would be the kind of homes trying to get scores in a voluntary market. It's not going to provide consumer awareness and protection. If you want folks to be aware of this during their buying process, it should be part of every single home.
- Kristine: have you thought about it being a ballot measure? Did folks vote for this in Oregon?
- Mackenzie: Council, unanimous vote.
- Mackenzie: the data has a projected estimate for ghg per home. I'm not sure if energy trust in Oregon tracks that. They have two estimates to compare.
- Kristine: how is it making any difference? We would need a system to track the sale and then any rebates.
- Mackenzie: need an incentive for a post-hes score so if you do all the work then you have that comparison. Energy trust hasn't incentivized that yet.
- Mackenzie: IN OR if you have gotten work done on your home you should get a new one when you sell, but it's hard to track.
- Thea: it also seems like 3,000 is a drop in a bucket.
- Kristine: you eat an elephant one bite at a time.
- Thea: we didn't go through MLS

- Mackenzie: the administrative rules says these are things that are publicly advertized for sale. Its really hard to enforce private sales, I'm sure there are things slipping through the cracks. Title company idea has come through but it han't been done.
- Thea: I'm just wondering in the best of all possible worlds how would this impact me

Home Energy Score Focus Group 9/18/24

Notes are a little all over the place and I wasn't able to track who said what. Anywhere it says "Habitat –" the representative from Habitat said that. "Lacey –" is the City of Lacey code enforcer.

Recommendation 1 General thoughts and feelings. What experience do you have with looking at home energy performance? Do you talk to customers about home energy performance?

If I want to sell my house does this block me from selling my house to then purchase the next one. Potentially making the housing pipeline harder.

Home inspectors don't really talk about energy performance at all. Some inspectors have add ons to do thermal imaging and have add ons.

Do your customers ask about energy performance? They do not. This could potentially be a selling point or decision-making push.

Habitat – Energize does minor weatherization upgrades. Habitat can opt into a tracking on their home where they report their energy use.

Manufactured homes are driven by energy codes forced into installing higher efficiency 'new' products and have a lot of costs to the house. Solar panels we don't have sun. Just to try to get to the energy code pushes boundaries. Forced into new technology, one of the hidden costs that go directly to the customers are the appraisers. Higher efficiency savings then get rolled into the value of the house. Cost gets passed onto consumers.

Expensive energy codes. Most of the stuff makes the house better, what is the cheapest option I can do. Solar panels are the cheapest thing you could add right now. Last code cycle added 14-20 thousand. Previous around 15,000. In the last 20 years 100,000 added to the cost of the home.

Recommendation: Develop compliance approach that encourages widespread adoption

Houses that need the most energy improvements. We are at least 4 years ahead of the rest of the country see this as doubling down as additional requirements. With energy code why would we have to do HES as well.

New houses are under Energy Star certification. Additional rating maybe doesn't make specific sense in Washington State. Inherently new construction will have a higher code already because of these stringent energy code.

ESDS falls higher than state energy code. Habitat follows this.

Prompt: Talk about LMI people. Rating itself and educational piece about home buying costs. Impact of HES on LMI folks.

There aren't no LMI people. LMI buyers may not be buyers bc they don't think they can. If you did something like this could add to the upfront cost could save money. Poor people are afraid of the upfront cost. Poor people don't seek rebates.

Habitat – 500 families on the waitlist for homes. Serves people under 80AMI.

Prompt: If HES was promoted would the score allow people to understand the utility bills of the house?

Habitat - I think the impact would come more towards LMI homeowners right now. Saw a lot of people who have lived in their home right now. City of Olympia have an old buying stock that are now looking to move out of the state because of favorability.

Prompt: Is there opportunity to educate home buyers on the score. Where would you be able to use this score to provide improvements for home buyers.

It's a great conversation to have information of things to improve that home's performance. During inspection can say and make energy discussions. A score would add an interesting conversation that people would use. Information is powerful.

Commerce puts out a lot of funding for nonprofits to put out educational work. There is funding to facilitate that.

New construction wouldn't be affected by it because of state code compliance. Remodelers would be most affected.

Prompt: Transaction process and HES and recommendations for improvements. A set of information to the home seller Does that provide any incentive to the seller to do anything?

Seller tries to make improvements to make more money. Put in 5000 for insulation got out 20000 from purchase.

Gut 10% of sellers might be savvy enough to see improves made to home before selling because of score.

HABITAT – see this as a hinderance to the selling of the home. Allow the buyer to interact with the transaction process to hop in and

Prompt: For the new homeowner would this be beneficial to know? Collaborative is recommending report also includes financial incentive information.

Depends on LMI homes are not seeking rebates. See that

Habitat – as a nonprofit its beneficial but as individuals

Prompt: Where do people go to do home energy improvements? What are the resources in the county?

Home improvement specialists. More importantly where do they get the money.

Building Industry resource – Can find anyone you would think is related to the building industry.

We can't usually give recommendations about who to go to. Reputable resources can be found on the website send them there to get a service provider.

LNI website to check a contractor's background.

City of Olympia has a good educational program for home owners.

Prompt: Regional implementations, is that good bad?

Smart people will replicate what was done first. Energize Olympia to Energize Thurston.
Educational courses from Energize Olympia

Energy is not part of the conversation when you're inspecting a house with a home buyer. Do your own cost estimate and cost analysis. Make general comments about older equipment. Have folk that they refer to as specialists for home energy efficiency improvements.

Prompt do you see these HES

Probably going to have some grumbling of some sellers for the first few years. "This will detract from market price, might make them choose another house"

See people buying or selling a home before the ordinance is implemented.

Do they buy here or do they move on. The ones that haven't done the improvements are competing with the higher scored houses.

People care about renewables not energy efficiency.

Prompt: House can value for a whole lot more with improvements. Talk about the value of the home. How do you see that affecting the home, appraisal, cost, perceived value, or real value.

How would appraisals calculate that into your home score. VA appraisal would consider the home score higher than most.

Habitat – HES could potentially be a detriment to financing process. Underrider. This house will have a lot of costs for operation and maintenance. LMI people may not get financing because of the low HES score. Equity issue. Income doesn't lineup with the risk. Low income can't handle the higher cost of this low ranked home.

Immediate influence and longer-term impact.

Overtime we now have a housing stock with scores. Appraisers now see all houses have a score. Organically included into appraisal process eventually but at the beginning is there a standard for how each score is valued.

Keep going back to this piece of under riders. Equity consideration. Will this accidentally mess LMI households to finance a home.

Prompt: What kind of information would you give them. How would you provide them with additional information?

Habitat – moving closer and closer to building phasive houses.

Trifold brochure would be a nice talking point with QR code.

Manufactured homes – Cost analysis, what will be the lowest value for the highest price. Page on website and classes on HES

Redfin is a starting point as well as realtors.

Prompt: Where do you think homes are here on the score? Pre 4 years ago if all homes were low low. With the energy code looking back 20+ years.

Widely different between 10 years ago to today and 30 years ago to 10 years ago.

Early 2000s is when they started really ramping up the energy codes. Washington compared to the rest of the county

Customers would probably assume a newer house is already more efficient so wouldn't hurt to not have a score compared to a older home with a high HES.

Your energy bill continuously gets better but with diminishing returns. Looking at cost savings for customers.

Last 2 code cycles required heat pumps in the home. '21 In the next one people are going to have a plumbing. Heat pumps are mandated in new construction, can still have natural gas as backup. '18 was cost effective with Heat pump. They provided a credit for the heat pump. Home builders are chasing credits.

Prompt: Compliance warning and then a fine

Fine would be coming from the jurisdictions. Would have to enforce with municipal code.

Only one code enforcement officer for the city of Lacey. Greatly increase his work. Don't have too much experience with energy code mostly working with people who are nervous about if their home is habitable. Would probably have to have another position where this is their main focus. Don't have time to be proactive in compliance just relating to complaints.

Building Industry is seeing a lot of infrastructure challenges. Staffing needs.

Ideally there would be another way to achieve the end results where the benefits would be present but the negatives wouldn't be there.

Lacey: would want a climate person to do this.

Does this put a strain on the infrastructure for PSE. Might be about a decade out to support electrification efforts.

Prompt: Where should the fine be placed? What is the gate in the transaction process? If you don't have a score then you cant do what...

If charged to the Real estate agent can then just push those costs to the buyer

Lacey: can assign a fine but doesn't do it. Flagging it if they didn't release the code.

There's a way to do it without municipality enforcement. How many houses are listed outside of MLS. What do you do about people selling on their own. If their selling one Redfin

Looking at all the potential pathways of sale to ensure compliance happens for all homes.

At closing there is no energy score, then the seller you have to reserve \$300 to pay for that score if it made it to closing without the score.

ESCRO lots of discounts to cover

The compliance requirement is combined with listing processes.

What is PSE's role in all of this. Isn't there some benefit to PSE so they should contribute.

Everything they push sends costs to homeowners.

Not cost effective to put natural gas in new developments.

UTC stress of the grid.

PSE can't get ahold of anyone to review property with solar panels. Continue to send bills but customer can't get a hold of anyone. PSE bills should show up and down of solar.

How you run your ductwork. Building Envelope relatively low cost that would see the most benefits.

MEMORANDUM



TO: Thurston Climate Mitigation Collaborative Community Advisory Workgroup

FROM: Thurston Climate Mitigation Collaborative Staff Team:

Linsey Fields, City of Lacey
Pamela Braff, City of Olympia
Alyssa Jones Wood, City of Tumwater
Rebecca Harvey, Thurston County

DATE: June 20, 2024

SUBJECT: Home Energy Assessment (HES) Model Ordinance Policy Review, Version 2

Actions Taken

At the May 7, 2024 and June 4, 2024 Community Advisory Workgroup (CAW) meetings, the CAW members reviewed an earlier version of this memorandum. By the end of the June meeting, the CAW had reached consensus with all Staff Team recommendations included in this memorandum.

Following those CAW meetings, and utilizing better and more recent data, this memorandum has been updated.

Home Energy Assessment (HES) Model Ordinance Policy Review and Recommendations

A review of policy considerations for a residential home energy assessment and disclosure policy to support the implementation of the Thurston Climate Mitigation Plan and 2024 Thurston Climate Mitigation Collaborative Regional Initiative.

CONTENTS

- 1. BACKGROUND 3
 - Purpose 3
 - Key Terms..... 5
 - Policy Goals 5
- 2. Policy Concepts 6
 - Regional Coordination 8
 - Assessment Type 9
 - Energy Performance Report 11
 - Trigger Event 12
 - Compliance 13
 - Applicability and Exemptions 14
 - Low-Income Subsidies 15
- 4. EXPECTED IMPACTS 18
 - Workforce 18
 - Housing and Climate Impacts..... 19
 - Mortgage Benefits..... 19
 - Impacts on Home Sales and Loan Delinquency..... 20
- REFERENCES 21
- APPENDIX A - LOCAL HOUSING MARKET 22
 - Housing Type, Occupancy, and Ownership..... 22
 - Housing Age 22
 - Energy Source..... 23
 - Home Sale Trends..... 23
- APPENDIX B - STANDARD HOME ENERGY SCORE REPORT 24
- APPENDIX C - CUSTOM HOME ENERGY SCORE REPORT 30

1. BACKGROUND

Purpose

Energy use in residential buildings accounts for 32 percent of inventoried greenhouse gas emissions in the Thurston region (TRPC, 2022). While recent updates to the Washington State Building code significantly increase energy performance requirements for new residential development, these requirements do not address existing homes, many of which were built to less efficient standards. More than 50% of the homes in Thurston County were built before 1990, with nearly 20% built at least 50 years ago (U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates). The large proportion of older homes in the region suggests that many would benefit from energy- and cost-saving retrofits. Additionally, more than two-thirds of the housing units that will exist in 2050 already exist today, so retrofitting existing homes to improve energy efficiency is a key strategy to meet regional climate mitigation goals (TRPC, 2020).

One of the barriers to improving the energy efficiency of existing housing units is lack of homeowner awareness and information on the energy performance of their properties. Without this information, it is challenging for consumers to prioritize energy efficiency in home purchasing and improvement decisions. To address this challenge, several cities and states have developed residential home energy assessment and disclosure policies/programs. These policies and supporting programs provide homebuyers and occupants with an assessment of home energy performance, expected energy costs, and recommendations for cost-effective improvements to reduce energy use and cost.

A home energy assessment and disclosure program provides homeowners and homebuyers with an assessment of home energy performance, expected energy costs, and cost-effective improvements to reduce energy use and costs. Similar to vehicle mile-per-gallon ratings and home appliance energy guide labels, the home energy label provides a consistent metric to easily compare the energy efficiency of multiple homes. Homeowners and homebuyers can use this information to estimate energy use and costs and identify energy efficiency upgrades to make their homes more comfortable and affordable. By making energy costs transparent to consumers, these types of home energy labeling programs also provide a mechanism for the real estate market to value both energy performance and home energy improvements that reduce the total cost of home ownership.

Long-standing home energy assessment policies have shown that mandatory disclosure successfully encourages investments in energy efficiency and that the policy increases investments made by both sellers and homebuyers (Myers, Puller, & West, 2019). These existing programs and policies provide a valuable foundation for designing and implementing a local disclosure policy in Thurston County (Table 1). The policy research and recommendations included within this report aim to build upon the success of existing programs through the U.S., to design an effective model ordinance for home energy assessments in Thurston County.

Table 1. Review of existing home energy score disclosure policies and programs in the United States.

City/State	Disclosure Policy	Energy Label Used	Notes
Fort Collins, CO (electric utility)	Voluntary	Epic Certificate	Provided by electric utility
State of Connecticut	Voluntary	HES	
State of Massachusetts	Voluntary	Home MPG	
State of Missouri	Voluntary	Home Energy Certification	
Columbia, MO (electric utility)	Voluntary	Efficiency Score	Provided by electric utility
State of Oregon	Voluntary	HES	
Association of Bay Area Governments (through BAYREN)	Voluntary	HES	Program is offered across 9 counties in the Bay Area
Eugene, OR	Voluntary	HES	
Berkeley, CA	Mandatory, Time of Listing	HES	Sellers may defer the assessment requirement to the buyer or complete an energy efficiency or electrification update for alternative compliance
Portland, OR	Mandatory, Time of Listing	HES	
Minneapolis, MN	Mandatory, Time of Listing	Energy Disclosure Report	Combines both energy and water consumption
Austin, TX	Mandatory, Time of Listing	Energy Disclosure Report	Program is offered through Austin Energy Utility
Chicago, IL	Mandatory, Time of Sale	Utility Bills	Program is available to homeowners and renters
Montgomery County, MD	Mandatory, Time of Sale	Utility Bills	
State of Kansas	Mandatory, Time of Sale	Energy Checklist	Only for new construction.
State of South Dakota	Mandatory, Time of Sale	Energy Checklist	Only for new construction.
Hillsboro, OR	Mandatory, Time of Listing	HES	
Milwaukie, OR	Mandatory, Time of Listing	HES	
Bend, OR	Mandatory, Time of Listing	HES	

Key Terms

Home Energy Score (HES): a rating of home energy efficiency developed by the U.S. Department of Energy (US DOE) that is based on physical inspection of the home or design documents used for the home's construction. The HES is an asset rating, which quantifies the energy efficiency of a building based on the home's physical assets rather than occupant behavior.

HES Assessor: a qualified professional who collects information about a home and then utilizes the US DOE Home Energy Score energy modeling software to estimate the annual energy use of the home based on standard methodology and operations as well as local weather patterns. The US DOE certifies Assessors utilizing existing credentials, a simulation, exam, and mentored scoring. Those who have completed the DOE certification are called referred to as a HES Certified Assessor.

Home Energy Performance Report: the report prepared by a Certified home energy Assessor using either the US DOE reporting template or a regionally created custom reporting template.

Policy Goals

By working together to design and propose a regional home energy assessment and disclosure policy for consideration by the Thurston Climate Mitigation Collaborative (TCMC) Jurisdiction Parties, the TCMC aims to achieve the following goals:

- Develop and adopt a regionally consistent policy for the assessment and disclosure of residential energy performance ratings and reports. Note: this initiative only includes the development of a model ordinance. The Jurisdiction Parties (Lacey, Olympia, Tumwater, and Thurston County) may individually consider adoption of the proposed policy in early 2025.
- Provide a framework for Thurston residents residing in single-family, duplexes, triplexes, courtyard apartments, and townhomes to learn about their home energy performance, expected energy costs, and cost-effective improvements to reduce energy consumption and the cost of home ownership/occupancy.
- Connect single-family, duplex, triplex, courtyard apartment, and townhome homeowners/occupants to existing and forthcoming resources, guidance, and incentives to simplify energy efficiency retrofits.
- Capitalize on the unprecedented federal and state funding available to make energy efficient home improvements.
- Support energy equity and housing affordability by providing subsidized home energy assessments and additional resources for low- and moderate-income homeowners.
- Increase implementation of home energy efficiency and electrification upgrades and retrofits.
- Develop a monitoring and reporting system to track implementation of home energy assessments and energy efficiency upgrades.
- Provide a mechanism for the real estate market to value both home energy performance and home energy improvements that reduce the cost of homeownership/occupancy.

It is important to acknowledge that no single policy or program can achieve all necessary reductions in residential energy use. The proposed home energy assessment and disclosure policy is one of many strategies that can assist with reducing energy use and greenhouse gas emissions from residential buildings.

2. POLICY CONCEPTS

Key considerations for the design of a home energy score policy include the type of information that is disclosed, the timing of disclosure, suitable use cases and exclusions, and any provisions for low-income subsidies. This section describes options and staff recommendations for these policy parameters. A summary of key policy concepts and recommended approaches is provided in Table 2, followed by a description of each policy option in the sections below.

Background and recommendations for the design of this policy were informed by resources from the “Home Energy Labeling Partnership” developed by Rocky Mountain Institute and Earth Advantage, the Urban Sustainability Directors Network, as well as conversations with staff from local governments (Portland, OR, Milwaukie, OR, Ann Arbor, MI, Beaverton, OR, Ashland, OR) and partner organizations (Earth Advantage, Washington State Housing Finance Commission) experienced in home energy labeling programs.

Table 2. Key policy concepts and recommendations for a Home Energy Score model ordinance.

Policy Concept	Recommendation
<p>This section summarizes the staff recommendations for key policy concepts associated with a home energy assessment and disclosure policy.</p>	
<p>Regional Coordination</p>	<ul style="list-style-type: none"> To provide consistent standards across jurisdictions and ensure that energy performance information is easily comparable across the Thurston region, partner jurisdictions should prioritize the development of a regionally coordinated home energy score policy and program.
<p>Assessment Type</p>	<ul style="list-style-type: none"> Asset Ratings: To provide consistent and objective energy performance information that can be easily compared across multiple homes, energy performance information should be disclosed in the form of asset ratings. DOE Home Energy Score (HES): To provide the most affordable and easily implemented energy assessment, home energy performance should be assessed using the US Department of Energy’s Home Energy Score (HES).
<p>Energy Performance Reports</p>	<ul style="list-style-type: none"> Custom Energy Reports: To maximize the potential for implementation of identified cost-effective improvements, the Thurston Region should design and standardize the use of a custom Energy Report (example Appendix C) that goes above and beyond the US DOE standard Energy Performance Report (Appendix B). Additional information that could be included on the Custom Energy Reports include the carbon footprint of the home, indoor air quality or resilience improvements, and information about local, state, and federal incentive programs to facilitate some of the cost-saving measures and/or electrification options. Energy Report Disclosure: To provide prospective buyers with a high level of access to home energy and cost savings information, HES reports should be made widely available. HES reports should be disclosed through the

	multiple listing service (MLS) ¹ , included on real estate listings (printed advertisements, internet postings, and third-party listing services) via listing marketing remarks, and provided to real estate agents and prospective buyers as a supplement.
Trigger Event	<ul style="list-style-type: none"> • Time of Listing: To ensure prospective buyers can compare the energy efficiency of all homes and integrate energy efficiency upgrades within home financing, home energy information should be disclosed at the time of listing.
Compliance	<ul style="list-style-type: none"> • Mandatory Disclosure: To ensure widespread adoption of the home energy score, staff recommend adopting a mandatory disclosure policy, with a non-compliance penalty of \$500 or greater. • Non-Compliance Warning: To ensure that all homes disclose a home energy score before being purchased by a new buyer, warning letters for non-compliant listings should be sent as soon as possible after listing. The frequency with which staff can provide warnings will depend on staff workload and capacity. • Non-Compliance Timeline: Given that the time to sell a house in Thurston County is between 35 and 47, the timeline to trigger non-compliance penalties should be no longer than 30 days of receiving a written warning.
Applicability and Exemptions Note: Assumes use of DOE Home Energy Score. Suitable use cases may vary for different energy assessment tools.	<ul style="list-style-type: none"> • Suitable Housing Types: To ensure energy performance information is widely available, the policy should be applied to all suitable existing homes. The current HES tool can be applied to the following housing types: detached single dwelling units and any attached single dwelling unit, where the unit extends from foundation to roof, such as row house, attached house, duplex, or townhouse. Housing types not suitable for the HES tool, including mobile homes, manufactured homes, or floating homes, and units in a stacked configuration should be exempt. • New Construction: To increase consumer awareness of energy performance and better allow comparison of multiple homes, staff recommend that newly constructed homes also be required to disclose a home energy score. • Exemptions for Certified High-Efficiency Homes: Homes already certified to a high-efficiency standard may be exempt². These standards will need to be explicitly defined.

¹ The Staff Team received feedback from a CAW member with experience in real estate that the HES score should be added as a voluntary green field within the NWMLS. There should be a Yes/No checkbox to state if there is a HES score, the date in which the score was obtained, and an entry for the score. Additional access to the HES Performance Report could be requested by a buyer.

² What standards would be accepted still needs to be determined.

	<ul style="list-style-type: none"> • Exemptions for Distressed Sales: Certain distressed sale situations should be exempt from the energy disclosure policy. These exemptions will need to be explicitly defined. • Low-Income Sellers: Rather than exempting low-income households, jurisdictions should subsidize the cost of obtaining a home energy score for low-income sellers.
Low-Income Assistance	<ul style="list-style-type: none"> • To ensure energy performance assessments are not overly burdensome to low-income sellers, staff recommend contracting with a community partner, to provide free home energy assessments for income-qualified sellers (and/or identifying other mechanisms to prevent barriers for low-income households).
Effective Date	<ul style="list-style-type: none"> • The Staff Team recommends that the model ordinance include an effective date one calendar year from the date the ordinance is passed by any jurisdiction. A one-year delay would provide sufficient time for stakeholder outreach to inform community members of the upcoming requirement and ensure the availability of certified energy assessment providers.

Regional Coordination

Regional Coordination Options

A residential energy performance rating disclosure policy could be developed and adopted by individual jurisdictions or as a regionally coordinated policy across all partner jurisdictions.

- **Individual jurisdictions develop and adopt unique home energy score policies.** Individual jurisdictions may choose to develop their own energy score policy, with unique policy requirements, exceptions, and procedures, or opt out entirely. While this approach would allow jurisdictions to develop custom policies that best suit their individual needs or goals, the local housing market is not constrained to individual jurisdictions. Inconsistent policies and requirements would likely result in substantial confusion for local home buyers, sellers, realtors, and energy assessors.
- **All TCMC partners develop and adopt a consistent home energy score policy.** A unified approach would provide consistent requirements that are easy to understand, and ensure that energy performance information is widely available and easily comparable across jurisdictions. A large regional program would also support the development of a robust energy assessor market to provide the required home energy score assessment.

Several regions have implemented regionally coordinated Home Energy Score disclosure programs. For example, the Bay Area Regional Energy Network (BayREN) has developed a voluntary HES program, which includes a \$200 rebate. BayREN is a regional collaborative serving the nine counties across California’s Bay Area. The BayREN collaborative is funded by utility ratepayer funds through the California Public Utilities Commission and is intended to fill service gaps for “hard to reach” customers that the investor-owned utility does not intend to reach or isn’t currently reaching.

While not initially coordinated as a regional effort, Portland, OR and two of its suburbs (Hillsboro and Milwaukie) have all adopted similar HES policies. After the City of Portland's early success with HES, the neighboring City of Milwaukie adopted its own ordinance in January 2020. The City of Hillsboro adopted its own ordinance in 2021. The three jurisdictions all use HES as their standard rating system, use similar and in many cases identical Ordinance language, and subsidizes HES assessments for income qualified households through the same nonprofit community partner.

Staff Recommendation

- To provide consistent standards across jurisdictions and ensure that energy performance information is easily comparable across the Thurston region, partner jurisdictions should prioritize the development of a regionally coordinated home energy score policy and program.

Assessment Type

Energy Disclosure Options

Home energy performance can be evaluated and reported as operational data or asset ratings.

- **Operational data use the home's past utility bills as an indication of home energy use and costs.** Although operational data is often simple to provide and may be more familiar to consumers, it is heavily dependent on occupant behavior and therefore a poor predictor of future energy costs. Operational data also does not include recommendations for cost-effective energy improvements.
- **Asset ratings quantify the energy efficiency of a building based on the home's physical assets (e.g., size, envelope, and heating/cooling equipment).** Asset ratings are typically completed by professional energy assessors through on-site evaluations. This approach provides objective energy efficiency information that is independent of occupant behavior. An asset score allows prospective buyers and homeowners to compare the energy performance of multiple homes based on their assets, rather than how they are operated by current occupants. Asset ratings are generally considered to be a more effective representation of home energy performance but require developing a trained assessor workforce to ensure effective service delivery.

Asset Rating Tool Options

If home energy performance is disclosed in the form of asset ratings, a consistent rating tool must be selected. The two most common rating tools are the [Home Energy Score \(HES\)](#) and the [Home Energy Rating System \(HERS\) Index](#).

- **Home Energy Score (HES)** is a nationally standardized home energy rating tool geared towards existing homes, administered by the US Department of Energy. HES assessments typically take 1 hour and cost about \$150-\$300 per assessment.
- **Home Energy Rating System (HERS)** is a nationally standardized home energy rating tool geared towards new homes, administered by the Residential Energy Services Network. HERS assessments typically take 2-4 hours and cost about \$500-\$1,000. While commonly used for new construction, the HERS system can be challenging and expensive to implement in older homes.

Table 3. Comparison of home energy assessment asset rating tools.

Asset Rating System	Time to Complete Assessment	Typical Cost	Type of Home	Administered by
HES	~ 1 hour	\$150 - \$300	Existing	US Department of Energy (DOE)
HERS	2 – 4 hours	\$500 - \$1,000	New Construction	Residential Energy Services Network (RESNET)

The HES system is the most commonly utilized asset rating for local government home energy assessment and disclosure policies in the United States (Table 1). Virtually all municipal-level, mandatory home energy disclosure programs that are carried out by local governments (as opposed to an energy utility) utilize HES. Two anomalies exist: Chicago and Minneapolis. Minneapolis, MN created a report that integrates water conservation with energy conservation. Chicago opted to disclose operational data (energy bills) as opposed to an asset rating. Most voluntary programs at the municipal level also utilized HES. For more details about what elements are considered in an HES assessment³, please see Figure 1.

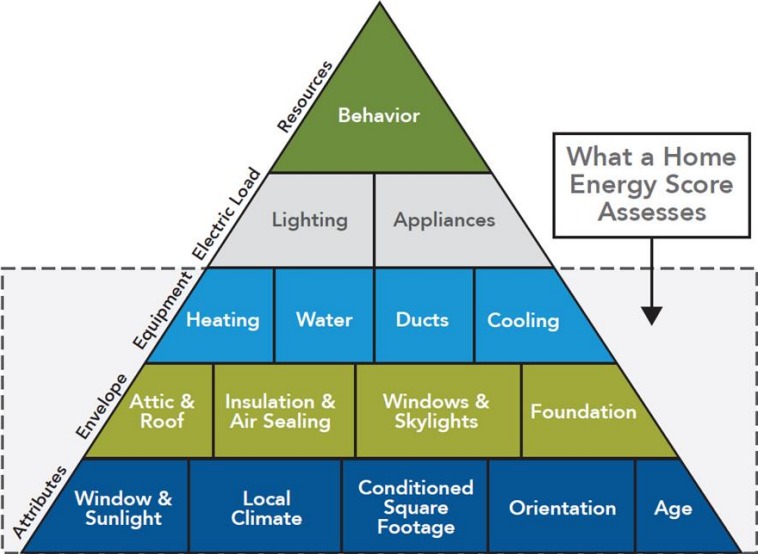


Figure 1: Components included in the HES model.
Source: U.S. Department of Energy

Staff Recommendation

- To provide consistent and objective energy performance information that can be easily compared across multiple homes, energy performance information should be disclosed in the form of asset ratings.
- Staff recommend that the model ordinance utilize the US DOE HES rating tool, which is an asset-based rating system. HES is the most commonly used rating system in local government energy

³ To review the full methodology utilized in calculating a Home Energy Score see [Home Energy Score Scoring Methodology \(2021\)](#).

assessment and disclosure policies, can be easily applied to existing homes, and has a lower cost than other assessment types. Furthermore, the [2024 Regional Initiative](#) selected by the TCMC explicitly identified the Home Energy Score (HES) as the preferred assessment tool.

- To ensure consistency with state legislative efforts, Staff further recommend the US DOE HES rating tool. In both the 2023 and 2024 Legislative Sessions, bills have been introduced to designate HES as the statewide home energy assessment tool for any local policy.

Energy Performance Report

Report Options

The Home Energy Performance Report can be documented used the standard DOE HES Report or a through a custom-designed Report.

- **Standard DOE Report Template.** The Standard US DOE Home Energy Performance Report (see Appendix B) includes:
 - An energy efficiency score based on the home’s envelope;
 - A total energy use estimate and estimates by fuel type;
 - Recommendations for cost-effective improvements and associated annual cost savings estimates (estimated at a 10-year payback period); and
 - A “score with improvements” reflecting the home’s expected score if cost-effective improvements are implemented.
- **Custom Report Template.** Most jurisdictions with HES ordinances have created improved custom report templates which meet and exceed the standard US DOE required information. Additional information included in these custom report templates include recommended improvements linked to local utility program incentives, the carbon footprint of a home, and follow-up steps or resource links. Custom reports may be able to factor in the cost-savings of local, utility, state, and federal incentives into determining cost-effective improvements, which the Standard DOE Report Template does not currently consider. See Appendix C for an example of a customized HES report.

In most examples, printed and electronic Home Energy Performance Reports expire eight years from the date of the assessment. Additionally, Home Energy Performance Reports are void and invalid after an alteration or remodel of the home that affects the heated square footage, the quality and type of windows, insulation, HVAC equipment, or remodeled spaces such as basement or attic, or other changes that are reasonably expected to impact the HES and associated estimates of energy use.

Once a Home Energy Performance Report has been completed, in the case of Portland, Bend, Milwaukie, and Hillsboro, the HES Performance Report must be publicly disclosed on the Green Building Registry [website](#) and then it is the responsibility of the seller to ensure the listing agent also includes the Home Energy Performance Report in the real estate listing. Through efforts by the Northwest Energy Efficiency Alliance, the Greater Puget Sound region’s Northwest MLS includes green fields, including those for inputting various energy scores. Requiring both the disclosure on the Green Building Registry website and in all real estate listings ensures that even if the seller is non-compliant with including the information on the real estate listing, the Home Energy Performance Report is still publicly available should a prospective buyer search for the address. Additionally, disclosure on the website also allows

future tenants of any property that has undergone the HES process to also access that information regardless of ownership.

Staff Recommendation

- The Staff Team recommends that the TCMC develop a report template unique to Thurston County which includes a carbon footprint calculation and incentive/rebate information in addition to all required US DOE information. Incentive/Rebate information would include national, utility, and local incentives.
- Staff recommend that any report should have an expiration date of 8 years, unless a remodel or alteration has taken place on any elements included in the HES assessment (see Figure 1).
- To provide prospective buyers with a high level of access to home energy and cost savings information, HES reports should be made widely available. HES reports should be disclosed through the multiple listing service (MLS), included on real estate listings (printed advertisements, internet postings, and third-party listing services), and provided to real estate agents and prospective buyers.

Trigger Event

Trigger Event Options

Trigger events refer to the time at which disclosure of home energy information is required. Trigger events are typically at time of listing or time of sale.

- **Disclosure at time of sale requires energy information to be disclosed to the expected home buyer at or before time of closing.** Providing energy information at the time of closing (i.e., beginning of a new homeownership cycle) can increase the likelihood of a new homeowner investing energy efficiency upgrades. However, a time of sale disclosure is too late in the real estate transaction to include energy improvements in mortgage products. It is also too late to allow prospective buyers to compare homes and make informed decisions. Time of sale disclosure policies may also complicate or delay real estate closings.
- **Disclosure at time of listing requires energy information to be disclosed at the earliest possible stage in the real estate transaction process, making the information more actionable for prospective buyers and the market.** Early disclosure allows buyers to compare the energy performance, expected energy costs, and recommended efficiency upgrades for all prospective homes. The disclosure should be available to any interested buyers as a supplement to the listing. With early access to home energy scores, buyers can finance recommended energy improvements as a part of a new mortgage with Fannie, Freddie, and FHA products. By disclosing energy information as soon as possible, this approach provides a direct link to home valuation and market transformation, and will not interfere with or delay closings.

Staff Recommendation

- To ensure prospective buyers can compare the energy efficiency of all homes and integrate energy efficiency upgrades within home financing, staff recommend that home energy information should be disclosed at the time of listing.

Compliance

Compliance Options

Energy information may be disclosed through voluntary or mandatory policies and programs.

- **Voluntary disclosure programs can offer energy reports at any time for voluntary use in the real estate market, but may be targeted towards specific trigger events.** Voluntary programs generally achieve significantly lower levels of market adoption than mandatory policies and require significant incentives, subsidies, and marketing to drive demand. Historically, no jurisdiction has been fully successful at creating a functioning voluntary market based only on consumer demand for energy labels.
- **Mandatory disclosure policies require home energy information to be provided and specify what information, when, and to whom it must be disclosed.** Mandatory programs generally achieve much higher levels of market adoption and better support market transformation by making home energy information widely available. Mandatory programs are also typically less expensive to administer if customers pay for the cost of the energy labels.

Non-compliance Penalty Options

Mandatory home energy labeling policies typically include non-compliance fines or penalties. Important considerations for determining non-compliance penalties include the local housing market and average cost of home energy score assessments.

- **Non-compliance penalties should be strong enough to encourage compliance (i.e., greater than the cost of obtaining the assessment), but not overly burden low- to moderate-income households.** The most common approach is to set a standard rate, typically about \$500 (Table 2). This is about twice the cost of typical home energy score assessments (\$150-\$300). Non-compliance fines can also be set as a percentage of the home listing price. This approach may help encourage compliance for all sellers, while reducing the burden on lower-income sellers, but can complicate program design and enforcement.
- **The timeline to trigger non-compliance penalties should be determined based on market trends (i.e., average days on market).** Listed homes in Thurston County remain on the market between 35 and 47 days, depending on the location, so a short timeline is critical to ensure compliance before homes are purchased by a new buyer. Warning notices for non-compliant homes should be sent as soon as possible so sellers have time to act and disclose a score to prospective buyers.

Staff Recommendation

- To ensure widespread adoption of the home energy score, staff recommend adopting a mandatory disclosure policy, with a non-compliance penalty of \$500.
- To ensure that all homes disclose a home energy score before being purchased by a new buyer, warning letters for non-compliant listings should be sent as soon as possible after listing. The frequency with which staff can provide warnings will depend on staff workload and capacity.
- Given that the average number of days from listing a home for sale and entering contract is 35 days, the timeline to trigger non-compliance penalties should be no longer than 30 days of receiving a written warning.

- Staff recommend that the ordinance also grant discretion to the jurisdiction’s Authorizing Official (such as a City/County Manager or Planning Director) to adjust the penalty in the event of extenuating circumstances (e.g., availability of HES Assessors).

Table 4. Examples of non-compliance fines and disclosure requirements for jurisdictions with mandatory home energy scoring policies.

Jurisdiction	Trigger Event	Non-compliance Fines	Time to trigger penalties	Disclosed information
Austin, TX	Time of sale	\$500 - \$2,000	By time of sale	Audit of home conditions that influence energy performance, not a Home Energy Score or asset rating.
Berkeley, CA	Time of listing	\$110 fee to defer to buyer and \$85 late fee	If deferred, buyer has 6 months to complete energy assessment.	Custom Energy Score Report based on the DOE Home Energy Score.
Portland, OR	Time of listing	\$500	90 days from written warning	Custom Energy Score Report based on the DOE Home Energy Score.
Milwaukie, OR	Time of listing	\$500	30 days from written warning	Custom Energy Score Report based on the DOE Home Energy Score.

Applicability and Exemptions

Applicability and Exemption Options

Energy score requirements typically apply to most homes able to be scored with the selected home energy rating tool. Certain homes may be exempted from an energy score policy due to the suitability of the energy rating tool, previous certification of high energy efficiency, or distressed sale situations.

- **Considerations for exemption of certain home types.** The recommended HES rating tool is suitable for detached single-dwelling units and attached dwelling units that extend from foundation to roof (e.g., duplex, rowhouse, or townhome). The tool is not suitable for homes in a stacked configuration with other units above or below. It is also not suitable for mobile, manufactured, or floating homes.
- **Considerations for exemption of homes already certified to high-efficiency standards.** Many jurisdictions exempt homes that have already received home energy scores through an alternative energy audit or scoring program. For example, Berkeley, CA exempts homes participating in the Energy Upgrade California Program, and Portland, OR exempts homes that have received an Energy Trust of Oregon Energy performance score.

Homes may also be exempted if they have already been certified to meet high energy efficiency standards through other certification programs. For example, the City of Berkeley’s Building Energy Saving Ordinance (BESO), exempts buildings that have completed a verified home energy upgrade or rating such as Net Zero Energy or Passive House. In Portland, high-performance homes that are certified by other green building programs like LEED, may apply for a waiver for two years.

- **Considerations for exemption of new construction.** Some home energy score policies may exempt new construction under the assumption that new homes are more energy efficient. For example, in Austin, TX HES audits are only required for homes that are 10 years old or older.

However, the purpose of a home energy score is not just to encourage energy efficiency improvements, but also to inform prospective buyers of energy performance and expected energy costs. Exempting new construction prevents prospective buyers from comparing the energy performance and cost of new and existing homes. Most of the home energy score policies evaluated for this review also apply to new construction (e.g., Berkeley, Portland, and Milwaukie).

In Portland and Milwaukie, newly constructed (in the current year) identical homes—meaning the floor plans, amount and type of insulation, windows, attic fans, heating and cooling systems, hot water heaters, and appliances are 100% identical—may use the same Home Energy Performance Report. HES for new homes can be obtained pre-construction using construction plan sets.

- **Considerations for exemption due to distressed sale situations.** Many energy disclosure policies include exemptions for distressed sale situations. For example, the cities of Portland and Milwaukie exempt the following transactions “trustee’s sales, deed-in-lieu of foreclosure sales, and pre-foreclosure sale in which the seller has reached an agreement with the mortgage holder to sell the property for an amount less than the amount owed on the mortgage”. Rather than providing exemptions for low-income sellers, many jurisdictions subsidize the cost of home energy assessments for low-income constituents.

Staff Recommendation

- To ensure energy performance information is widely available, staff recommend that the HES Policy apply to all suitable building types. This includes all detached single dwelling units and any attached single dwelling unit, where the unit extends from foundation to roof, such as row house, attached house, duplex, or townhouse.
- Housing types not suitable for the HES tool, including mobile homes, manufactured homes, or floating homes, and units in a stacked configuration should be exempt.
- Homes already certified to a high-efficiency standard may be exempt. These standards will need to be explicitly defined.
- To increase consumer awareness of energy performance and better allow comparison of multiple homes, staff recommend that newly constructed homes also be required to disclose a home energy score.
- Certain distressed sale situations should be exempt from the energy disclosure policy. These exemptions will need to be explicitly defined.
- Rather than exempting low-income households, jurisdictions should subsidize the cost of obtaining a home energy score for low-income sellers.

Low-Income Subsidies

Home energy scores provide energy cost visibility, so that all households, including low-moderate income households, are better informed of the total cost of home ownership. This can help prevent scenarios where new occupants are unprepared for unaffordable utility bills. To ensure that energy

performance information is widely available, and not overly burdensome to obtain, many jurisdictions with residential energy performance disclosure policies provide financial assistance for low-income residents to obtain a Home Energy Performance Report.

Subsidy Options

Options for subsidizing the cost of home energy assessment for low-income households meeting certain criteria include:

- **Directly covering the cost of the home energy assessment.** In Portland, energy assessments for income qualified sellers are completed by authorized Home Energy Assessors under an agreement with the Community Energy Project. In the first 30 months of the program, 89 sellers applied for this service and 80 met the eligibility requirements, well-below 1% of total homes scored in this time-period (City of Portland, Oregon Bureau of Planning and Sustainability, 2020).
- **Encouraging realtors/selling agents to provide financial incentives.** Anecdotal evidence from Portland suggests that in some cases, real estate agents will obtain the home energy score on behalf of their clients.
- **Partnering with a local utility or third-party provider to offer free assessments.** In Minneapolis, low-income sellers can access a free energy inspection through an existing utility energy audit program (this program is already free for low-income households). In the Thurston County region, Puget Sound Energy previously offered a home energy assessment program, but it was discontinued in July 2020.

Table 5. Examples of home energy assessment financial assistance programs for low-income households.

Jurisdiction	Subsidy Program	Notes
BayREN, CA	\$200 rebate not tied to income	BayREN’s program is voluntary.
Berkeley, CA	Alternative compliance pathway	Offers compliance with the ordinance if the seller can demonstrate participation in income-qualified Weatherization Assistance programs, Low-Income Home Energy Assistance Programs (LIHEAP), the US DOE Weatherization Assistance Program, or utility Energy Saving Assistance Programs.
Portland, OR	Free HES in partnership with local non-profit for residents with household incomes at 60% or below area median income for the Portland metropolitan statistical area	Subsidy program is entirely managed by a third-party non-profit, Community Energy Project, but funded by the City of Portland.
Bend, OR	Free HES in partnership with local non-profit for residents with household incomes at 80% or below area median income	Subsidy program entirely managed by a third-party non-profit, Neighbor Impact.
Hillsboro, OR	Free HES in partnership with local non-profit for residents with household incomes at 80% or below area median income	This subsidy is available to homeowners at any time and is also available to renters, with written landlord approval. Hillsboro works with the same non-profit that Portland does.
Milwaukie, OR	Free HES in partnership with local non-profit for residents with household incomes at 80% or below area median income.	Subsidy program is entirely managed by a third-party non-profit, Community Energy Project. The non-profit also provides free education opportunities, supplies, and home energy upgrades and repairs for qualifying residents. Milwaukie works with the same non-profit that Portland does.

Staff Recommendation

- To ensure energy performance assessments are not overly burdensome to low-income sellers, staff recommend contracting with a community partner, to provide free home energy assessments for income-qualified sellers (and/or identifying other mechanisms to prevent barriers for low-income households).
- Income qualification scenarios will need to be explicitly defined.
- Rather than collecting and assessing income information, eligibility for low-income subsidies may be determined based on participation in existing programs. Examples of accepted forms of eligibility proof may include a copy of the participant/family’s free or reduced lunch letter,

DSHS/SNAP/TANF food assistance letter, SSI documentation, DSHS Respite Care documentation, Income Verification, or Lifeline Utility bill.

4. EXPECTED IMPACTS

Expected impacts of the recommended program design were calculated using the Home Energy Labeling Program Impact Calculator provided by Rocky Mountain Institute and Earth Advantage.

Workforce

HES and Home Energy Performance Reports can only be completed by HES Certified Assessors. To become a Certified Assessor, one must:

1. Hold a relevant credential⁴;
2. Complete the HES Simulation training and exam; and
3. Score their first home with a mentor within six months of passing the simulation and exam.

Depending on the compliance rate, the number of homes rated annually is expected to range from 2,4341 to 3,245 and would require 6 to 8 full-time assessors to meet the demand for energy scores.

While several companies in Thurston County provide home energy assessment services, there is currently only one HES Certified Assessor in Washington State⁵. This is typical for a region without a Home Energy Assessment policy or program. Most regions that have implemented HES disclosure policies have seen a significant increase in the number of local certified energy assessors, following the adoption of a new HES policy or program. Supporting this workforce development is a critical step to ensure the success of any new HES policy.

Most jurisdictions depend on the private sector to respond to the demand for HES Assessors. Thurston County's local workforce development agency, Pacific Mountain Workforce Development, has expressed interest in helping grow a workforce to meet this future need. Several local nonprofits, including Olympia Community Solar⁶ and South Puget Sound Habitat for Humanity, are also currently working to certify some of their employees for HES assessments.

Other cities have utilized a public model to provide home energy assessments. For example, the City of Ann Arbor, MI has hired two full-time Home Energy Assessors (funded by the City's climate tax revenues) to provide assessment free of charge. Residents of Ann Arbor are also welcome to hire outside private Home Energy Assessors if they choose.

⁴ To see a full list of relevant credentials visit <https://betterbuildingssolutioncenter.energy.gov/home-energy-score/become-assessor>

⁵ Puget Sound Energy (PSE) previously provided free home energy assessments to residential utility users; however, as of 2024 this program is longer active. However, PSE has recently launched a Home Electrification Assessment program for PSE natural gas customers which results in an energy saving home improvement plan with guidance on how to go electric.

⁶ Olympia Community Solar has reported that their costs to become a Home Energy Score Certified Assessor is \$1,400 per person for training and \$12,000 for startup equipment.

Housing and Climate Impacts

The number of homes retrofitted each year could range from 367 to 1,468 homes, resulting in up to \$820,304 in total energy cost savings and 2,933 tons of CO₂ emissions avoided. Total energy cost savings and greenhouse gas reduction would compound annually as an increasing percentage of homes are assessed and retrofitted. Energy performance upgrades would also increase business for local builders and home performance contractors.

Table 6. Expected year 1 results of a home energy disclosure policy.

Year 1 Results	Estimated Value		
	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	\$67,787	\$316,339	\$361,530
Carbon Reduction (mtCO ₂)	126	586	670
Increased Real Estate Value	\$4,965,173	\$14,481,754	\$19,860,691

Source: Values estimated using local data with the Home Energy Labeling Impact Calculator provided by Rocky Mountain Institute and Earth Advantage. Calculator and sources available upon request.

The estimated low impact scenario assumes a low retrofit rate (10%), a low energy savings rate (10%), a low value increase for retrofitted homes (4%), and low compliance with the regulation (60%).

The estimated moderate impact scenario assumes a moderate retrofit rate (20%), a moderate energy savings rate (20%), a moderate value increase for retrofitted homes (5%), and moderate compliance with the regulation (70%).

The estimated high impact scenario assumes a high retrofit rate (30%), a high energy savings rate (30%), a high value increase for retrofitted homes (6%), and high compliance with the regulation (80%).

Mortgage and Tax Benefits

A HES Home Energy Performance Report can serve as documentation for federal lending products. FannieMae’s HomeStyle Energy Mortgage allows borrowers to finance energy efficiency improvements, using the Home Energy Performance Report as the basis. Borrowers can also qualify for a stretch on their debt-to-income ratios for HomeStyle Energy and other Federal Housing Administration loan products.

The Washington State Housing Finance Commission also offers an “Energy Spark Home Loan” which dovetails with the First Time Homebuyer program providing downpayment assistance. Homebuyers must have a household income under \$180,000 and be purchasing a home that can be upgraded for 10% energy savings over its current use based on a home energy assessment.

In 2023 the Internal Revenue Service released guidance on how taxpayers may claim the “Energy Efficient Home Improvement Credit” for Home Energy audits, made possible through the Inflation Reduction Act. The home energy audit tax credit offers 30% of the cost of a home energy audit, up to \$150 per year. HES audits completed by a HES Certified Assessor qualify for this tax credit. Additional

rebates and incentives created through the Inflation Reduction Act may help homeowners pay for the cost-effective improvements identified through their HES audit.

Impacts on Home Sales and Loan Delinquency

Researchers studying the Energy Conservation and Audit and Disclosure ordinance in Austin, Texas, which has been in place for more than 10 years, found that mandatory disclosure created a premium for energy-efficient homes by daylighting the value of these attributes and lead to higher participation in energy efficiency programs (Portland, 2020). Researchers have found that a one-point increase in HES was associated with a 0.5% increase in sale price, and likewise higher estimated annual energy bills were associated with a decrease in sales price (Pigman, Season, Wallace, et al., 2023).

A study of Portland, OR's program between 2018 and 2021 found that buyers are willing to pay more for energy efficiency when purchasing a home and that buyers are willing to pay more for energy efficiency when the assessment is published in real estate listings (Breshears, 2022).

Researchers also found that a one-point increase in HES was associated with a 5.5% reduction in the odds of a loan going 30 days delinquent if the loan originated after an assessment occurred (Pigman, Season, Wallace, et al., 2023). Similarly, researchers found that a \$100 decrease in estimated annual energy bills was associated with a 2.3% decrease in the odds of a loan going delinquent if it originated after the assessment occurred (Pigman, Season, Wallace, et al., 2023).

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APPENDIX A

LOCAL HOUSING MARKET

Housing Type, Occupancy, and Ownership

There are 118,571 housing units across Thurston County (U.S. Census Bureau, 2022). Most dwelling units are detached single-family (U.S. Census Bureau, 2022), and nearly two-thirds of housing units were owner-occupied in 2020. The largest owner-occupied housing type in Thurston County is single-family detached (87%). Buildings with two or more units, most of which would be excluded from the recommended program design, due to limitations of the recommended assessment tool, are almost exclusively rented.

Note: The recommended program design (described in Section 2) would apply only to dwelling units that own the space from foundation to attic (i.e., most single-family homes, including attached duplex and townhouse-style units). Mobile homes and stacked multifamily homes would be exempt as they are not suitable for the recommended DOE Home Energy Score (HES) tool.

Table A1. Thurston County housing units by building and occupancy type in 2020.

Building Type	Number of Housing Units	Percent	Occupancy Type	
			Owner (%)	Renter (%)
Single Family Detached	80,215	68%	86.7%	13.3%
Single Family Attached	4,705	4%	2.2%	97.8%
Duplex	2,867	2%	0.5%	99.5%
Multi-family	21,303	18%	0.7%	99.3%
Manufactured Homes	9,481	8%	9.9%	90.1%
Total Occupied Units	109,983	100%	65.8%	34.2%

Source: U.S. Census Bureau, 2022

Housing Age

More than 50% of the homes in Thurston County were built before 1990, with nearly 20% built at least 50 years ago (U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates). The large proportion of older homes in the region suggests that many would benefit from energy- and cost-saving retrofits.

Table A2. Age of Thurston County housing units.

Home Built	Number of Units	Percentage of Total Housing Units in Thurston County
1939 or earlier	5,288	4.5%
1940 to 1959	8,123	6.9%
1960 to 1979	25,808	21.8%
1980 to 1999	37,639	31.7%
2000 to 2009	23,438	19.8%

2010 to 2019	16,569	14.0%
2020 or later	1,706	1.4%

Source: U.S. Census Bureau, 2022

Energy Source

The table below shows the number of housing units in Thurston County that utilize each energy source for home heating. With the Washington Clean Energy Transformation Act, all electricity will be 100% clean and carbon-free by 2045. Transitioning home energy types to electricity will help to reduce future greenhouse gas emissions.

Table A3. Energy sources of Thurston County housing units.

Energy Type	Number of Units	Percentage of Total Housing Units in Thurston County
Utility Gas	35,759	30.2%
Bottled Tank or LP Gas	4,264	3.6%
Electricity	72,885	61.5%
Fuel Oil, kerosene	1,005	0.8%
All other fuels	4,170	3.5%
No fuel used	488	0.4%

Source: U.S. Census Bureau, 2022

Home Sale Trends

During the year 2023, there were 3,377 residential homes sold in Thurston County with another 3,409 pending. The average price of a residential unit sold in Thurston County in 2023 was \$551,127, a 3% increase from 2022's average sale price of \$535,016 (Northwest Multiple Listing Service, 2024). Depending on the location of the home the average number of days on the market ranged from 35 to 47.

APPENDIX B

STANDARD HOME ENERGY SCORE REPORT

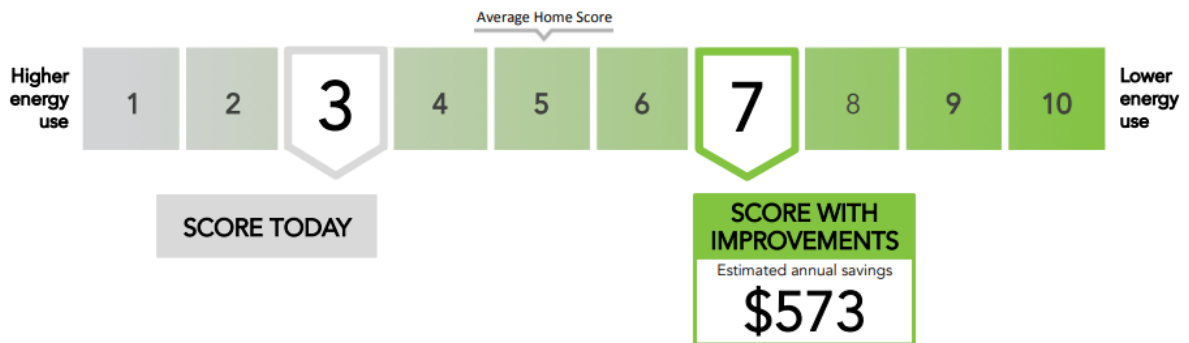


Home Energy Score

CONDITIONED FLOOR AREA: 1,500 ft²
YEAR BUILT: 1970

12345 Honeysuckle Lane
Smithville, AR 72466

SCORE TODAY **3**



The U.S. Department of Energy's Home Energy Score assesses the energy efficiency of a home based on its structure and heating, cooling, and hot water systems. For more information visit HomeEnergyScore.gov.

12345 Honeysuckle Lane
Smithville, AR 72466

SCORE
TODAY

3

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

About This Home



ASSESSMENT

Type **Official**
Assessor ID **#1234567**
Scoring tool version **v2016**

HOME CONSTRUCTION

Year built **1970**
Number of bedrooms **3**
Stories above ground level **1**
Interior floor-to-ceiling height **10**
Conditioned floor area **1,500 ft²**
Direction faced by front of house **North**
Air sealed? **No**
Air leakage rate **6,500 CFM50**

Estimated Annual Energy Use



ENERGY BY TYPE

Total **204 MBtus**
Score basis **141 MBtus**
Electricity **11,956 kWh**
Natural gas **519 therms**
Propane **226 gallons**

COST BASIS

Electricity **\$0.091 / kWh**
Natural gas **\$1.153 / therms**
Propane **\$2.171 / gallon**
Energy cost per square foot **\$1.45 / ft²**

DEFINITIONS & CONVERSIONS

MBtu **Million British thermal units; generic energy unit**
kWh **Kilowatt-hour; electricity unit**
Therm **100,000 Btu; heat energy unit**
Electricity conversion **1 MBtu = 293 kWh**
Heat conversion **1 MBtu = 10 therms**

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

Roof / Attic

ROOF / ATTIC 1	
Attic floor area	500 ft ²
Roof construction	Roof with Radiant Barrier / Composition Shingles or Metal / R-0
Roof color	Medium dark
Attic: ceiling type	Unconditioned attic
Attic floor insulation	R-25
ROOF / ATTIC 2	
Attic floor area	1,000 ft ²
Roof construction	Standard Roof / Composition Shingles or Metal / R-0
Roof color	Medium dark
Attic: ceiling type	Unconditioned attic
Attic floor insulation	R-9

Foundation

FOUNDATION / FLOOR 1	
Floor area	500 ft ²
Foundation type	Slab-on-grade foundation
Foundation walls insulation	R-0
FOUNDATION / FLOOR 2	
Floor area	1,000 ft ²
Foundation type	Unconditioned basement
Floor insulation above foundation	R-0
Foundation walls insulation	R-0

Walls

<u>WALL CONSTRUCTION</u>	<u>TYPE / EXTERIOR FINISH</u>	<u>INSULATION VALUE</u>
Front	Wood frame with Optimum Value Engineering (OVE) / Brick Veneer	R-19
Back	Wood frame / Wood, Asbestos, Fiber Cement, Shingle, or Masonite	R-0
Right	Concrete block or stone / Stucco	R-3
Left	Wood frame with rigid foam sheathing / aluminum siding	R-3

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

Windows & Skylights



WINDOW AREA

Front	70 ft ²
Back	90 ft ²
Right	40 ft ²
Left	30 ft ²

<u>WINDOW CONSTRUCTION</u>	<u>PANES</u>	<u>FRAME</u>	<u>GLAZING or U-VALUE & SHGC</u>
Front	Single	Aluminum	Clear
Back	Double	Wood or Vinyl	Solar-controlled low-E
Right	Double	Aluminum w/ thermal break	Insulating low-E, argon gas fill
Left	Triple	Wood or vinyl	Insulating low-E, argon gas fill

SKYLIGHTS ROOF / ATTIC 1

Present?	Yes		
Area	30 ft ²		
Type	Single	Aluminum	Tinted

SKYLIGHTS ROOF / ATTIC 2

Present?	No
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12345 Honeysuckle Lane
Smithville, AR 72466

SCORE TODAY **3**

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

Systems



HVAC SYSTEM 1

Percent conditioned area served **33%**
 Heating type **Electric heat pump**
 Heating efficiency value **7.8 HSPF**
 Cooling type **Electric heat pump**
 Cooling efficiency value **12 SEER**

DUCT SYSTEM 1

	<u>INSULATED?</u>	<u>SEALED?</u>	<u>PERCENT OF DUCTS IN THIS LOCATION</u>
Unconditioned attic	Yes	No	100%

Unconditioned attic

Yes

No

100%

HVAC SYSTEM 2

Percent conditioned area served **67%**
 Heating type **Central gas furnace**
 Heating installation year **2009**
 Cooling type **Central air conditioning**
 Cooling installation year **2009**

DUCT SYSTEM 2

	<u>INSULATED?</u>	<u>SEALED?</u>	<u>PERCENT OF DUCTS IN THIS LOCATION</u>
Unconditioned basement	No	No	50%
Unconditioned attic	No	No	25%
Conditioned space	No	No	25%

Unconditioned basement

No

No

50%

Unconditioned attic

No

No

25%

Conditioned space

No

No

25%

HOT WATER

System type **LPG storage**
 Installation year **1997**

Recommendations

The Home Energy Score's Recommendations show how to improve the energy efficiency of the home to achieve a higher score and save money. When making energy related upgrades, homeowners should consult with a certified energy professional or other technically qualified contractor to ensure proper sizing, installation, safety, and adherence to code. Learn more at HomeEnergyScore.gov.

REPAIR NOW. These improvements will save you money, conserve energy, and improve your comfort.



- ▶ **Air Tightness:** Have a professional seal all the gaps and cracks that leak air to save **\$110** / year
- ▶ **Ducts 1:** Add insulation around ducts in unconditioned spaces to at least R-6 to save **\$43** / year
- ▶ **Attic 2:** Increase attic floor insulation to at least R-19 to save **\$57** / year
- ▶ **Ducts 2:** Add insulation around ducts in unconditioned spaces to at least R-6 to save **\$23** / year
- ▶ **Ducts 2:** Have a professional seal all the gaps and cracks that leak air to save **\$74** / year

REPLACE LATER. These improvements will help you save energy when it's time to replace or upgrade.



- ▶ **Windows:** Choose those with an ENERGY STAR label to save **\$61** / year
- ▶ **Water Heater:** Choose one with an ENERGY STAR label to save **\$159** / year
- ▶ **Electric Heat Pump:** Choose one with an ENERGY STAR label to save **\$32** / year


Comments




Current local incentives may make this house a good candidate for a new water heater.

APPENDIX C

CUSTOM HOME ENERGY SCORE REPORT



City of Portland
HOME ENERGY SCORE



U.S. DEPARTMENT OF
ENERGY

THIS HOME'S SCORE **4** OUT OF 10

THIS HOME'S ESTIMATED
ENERGY COSTS

\$1,688
PER YEAR

HOME PROFILE

LOCATION:
5909 NE 25th Ave
Portland, OR 97211

YEAR BUILT:
1942

HEATED FLOOR AREA:
2,300 sq.ft.

NUMBER OF BEDROOMS:
3

ASSESSMENT

ASSESSMENT DATE:
10/14/2020

SCORE EXPIRATION DATE:
10/14/2028

ASSESSOR:
Donald McGee
Home Synergy Solutions LLC

PHONE:
503-381-3159

EMAIL:
donaldjmcgee@gmail.com

LICENSE #:
218308

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



Home Energy Score



Official Assessment | ID# 323910

The Home Energy Score is a national rating System developed by the U.S. Department of Energy. The Score reflects the estimated energy use of a home based upon 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: 8,930 kWh/yr. \$1,097

Natural Gas: 629 therms/yr. \$591

Other: \$0

Renewable Generation: (\$0)

TOTAL ENERGY COSTS PER YEAR \$1,688

How much renewable energy does this home generate?

_____ kWh/yr

THIS HOME'S CARBON FOOTPRINT:



What should my home's carbon footprint be? Between now and 2030, Portlanders should reduce carbon pollution per household to 3 metric tons per year to reach our climate goals.

- Actual energy use and costs may vary based on occupant behavior and other factors.
- Estimated energy costs were calculated based on current utility prices (\$0.12/kwh for electricity; \$0.94/therm for natural gas; \$2.78/gal for heating oil; \$2.52/gal for propane).
- Carbon footprint is based only on estimated home energy use. Carbon emissions are estimated based on utility and fuel-specific emissions factors provided by the OR Department of Energy.
- Relisting 2-7 years after the assessment date requires a free reprint of the Report from us.greenbuildingregistry.com to update energy and carbon information.
- **This report meets Oregon's Home Energy Performance Score Standard and complies with Portland City Code Chapter 17.108.**

Score today: 4	Score with priority improvements: 6	Estimated energy savings with priority improvements: \$159 PER YEAR	Estimated carbon reduction with priority improvements: 11% PER YEAR
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TACKLE ENERGY WASTE TODAY!

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

- Get your home energy assessment. Done!
- Choose energy improvements from the list of recommendations below.
- Select a contractor (or two, for comparison) and obtain bids. If a new home, discuss with the builder. Checkout www.energytrust.org/findacontractor or call toll free **1-866-368-7878**.
- Explore financing options at communityenergyproject.org or energytrust.org.
- Visit the following resources to learn about easy changes you can make today: communityenergyproject.org/our-services or energytrust.org/solutions/insulation-and-air-sealing/

PRIORITY ENERGY IMPROVEMENTS ¹

FEATURE	TODAY'S CONDITION ⁴	RECOMMENDED IMPROVEMENTS ³
Air Conditioner	10 SEER	When replacing, upgrade to ENERGY STAR
Heating equipment	Natural gas furnace 80% AFUE	When replacing, upgrade to ENERGY STAR
Water Heater	Natural gas	When replacing, upgrade to ENERGY STAR, (EF>=0.67 or UEF>= 0.64)

ADDITIONAL ENERGY RECOMMENDATIONS ²

FEATURE	TODAY'S CONDITION ⁴	RECOMMENDED IMPROVEMENTS
Attic insulation	Ceiling insulated to R-19	Insulate to R-38 or R-49 if code requires it
Envelope/Air sealing	Not professionally air sealed	Professionally air seal
Solar PV	N/A	Visit www.energytrust.org/solar to learn more
Wall insulation	Insulated to R-0	Fully insulate wall cavities
Windows	Multiple types	When replacing, upgrade to ENERGY STAR
Basement wall insulation	Insulated to R-0	
Cathedral Ceiling/Roof	Roof insulated to R-30	
Duct insulation	Un-insulated	
Duct sealing	Un-sealed	
Floor insulation	Insulated to R-0	
Foundation wall insulation	N/A	
Skylights	Double-pane	

1. To achieve the "Score with Priority Improvements" all recommended improvements in the Priority Energy Improvements section must be completed. All together, these priority improvements have a simple payback of ten years or less.

2. Additional energy efficiency improvements may take longer than ten years to make a return on investment but can have a significant impact on the comfort, efficiency and environmental impact of your home.

3. If your home has an oil furnace it is recommended you replace it with a high efficiency electric heat pump.

4. Today's Condition represents the majority condition for that feature in the home.



City Council

Briefing on Renter Protection Measures

Agenda Date: 3/11/2025
Agenda Item Number: 2.C
File Number:25-0210

Type: discussion **Version:** 1 **Status:** Study Session

Title

Briefing on Renter Protection Measures

Recommended Action

Committee Recommendation:

The Land Use & Environment Committee recommends receiving a briefing on the City's renter protection measures and discuss next steps.

City Manager Recommendation:

Receive a briefing on the City's renter protection measures and discuss next steps.

Report

Issue:

Whether to receive a briefing on the City's renter protection measures and discuss next steps.

Staff Contact:

Christa Lenssen, Senior Housing Program Specialist, Community Planning and Economic Development, 360.570.3762

Presenter(s):

Christa Lenssen, Senior Housing Program Specialist, Community Planning and Economic Development

Background and Analysis:

Path that led the City to explore tenant protections

In 2018, the Olympia City Council began exploring tenant protection policies implemented in other cities, such as relocation assistance; increased notice for rent increases; rental licensing and inspection; and other proposals in response to the 2017 Assessment of Fair Housing (AFH). The 2017 AFH raised concerns regarding the number of cost-burdened renting households and drew attention to the fact that people who rent are often the most vulnerable community members. One of the 2017 AFH recommendations was to consider existing Washington State landlord licensure program models to monitor and regulate safe, decent and sanitary housing.

In late 2019, tenants and tenant advocates held a rally at City Council and presented a proposed ordinance to cap deposits, move-in costs, and pet deposits, as well as allow tenants to pay these fees and last month's rent in installments. In March 2020, the Land Use & Environment Committee held a community meeting to learn more about challenges and potential solutions with renters and landlords. Tenant protections are of significant interest to the community and many community members participated in providing feedback to the City Council.

Around this same time, several workplans were underway to review housing needs and challenges, to prioritize actions to increase housing access and stability. Many of these plans include actions to help stabilize renting households. These workplans all included significant public outreach, consultation with subject matter experts, and local data analysis. The data highlighted the needs and challenges faced by community members, particularly low-income renters and marginalized communities most at risk of homelessness.

Housing Needs and Challenges

Olympia's population is over half renters (54%). Of these renting households, 52% are housing cost-burdened, which means they spend over 30% of their income on housing costs.

Spending more money on rent means that households have less income to spend on other basic needs, or to fall back on when emergencies arise. Black, Indigenous and People of Color (BIPOC) are more likely to rent and more likely to have lower incomes than white, non-Hispanic residents. This makes them vulnerable to eviction and potential homelessness, due to inability to keep up with rising rents. Local Point in Time Count data shows that community members experiencing homelessness are disproportionately Black, Indigenous, or People of Color.

City and Regional Workplans

In 2019 and 2020, a 5-Year Homeless Crisis Response Plan (HCRP) was completed for Thurston County and the One Community Plan was completed by the City of Olympia to create a community response to homelessness. According to the HCRP, lack of affordable housing, steadily increasing rents and stagnant wages are causing more households to be at risk of falling into homelessness.

The One Community Plan highlights how housing affordability impacts homelessness, citing gaps between affordable housing supply and need, creating lower vacancy rates and higher housing costs. The One Community Plan also notes that housing costs are outpacing wage growth: 'between 2010-2018: average rents rose 5% per year, and median household income rose 2.8% per year.' Data from the HCRP indicates that about one third of Thurston County households are housing cost burdened (spending over one third of their income on housing) and could be at risk of homelessness.

The HCRP notes that multiple studies have linked increases in rent to increases in homelessness. According to a 2020 report by the U.S. Government Accountability Office, every \$100 increase in median rent is associated with a 9% increase in the estimated homelessness rate. Data from the Thurston County Point in Time (PIT) Count reveals that eviction/loss of housing is one of the most common causes of homelessness.

The HCRP outlines several strategies to prevent households from falling into homelessness by enacting tenant protection laws and funding enforcement to reduce rates of eviction; identifying models for tenant relocation assistance to assist households in transitioning to new housing and

prevent homelessness; and prevent loss of housing by addressing housing quality standards. Focus Area 2 of the One Community Plan is to ‘Expand affordable housing options and homelessness prevention,’ which includes strategies to facilitate access to housing for at-risk and marginalized populations and to provide landlords and tenants rights information.

A regional Housing Needs Assessment was completed for the cities of Olympia, Tumwater, and Lacey in January 2021, which informed the development of Olympia’s Housing Action Plan. According to data from the Housing Needs Assessment, over half (54%) of Olympia’s population rents rather than owns their homes. Data in the Housing Needs Assessment also indicates that average rents are increasing faster than inflation and that over 4,500 households earning below 50% of Area Median Income are housing cost-burdened (spend over 30% of their income on rent). Olympia’s Housing Action Plan outlines many strategies to address housing needs identified by the data. In addition to increasing affordable housing supply, the Housing Action Plan addresses a series of strategies to make it easier for households to access housing and stay housed.

These actions are intended to stabilize households to ensure they are not at risk of eviction or homelessness. If households do experience displacement, they may face additional barriers to accessing housing in the future. Olympia Housing Action Plan Strategies include:

- *2.a. Identify and implement appropriate tenant protections that improve household stability.*
- *3.a. Provide displaced tenants with relocation assistance.*
- *2.f. Explore barriers and policies that can increase access to housing for formerly incarcerated individuals.*

In early 2023, a Thurston County Assessment of Fair Housing (AFH) was completed by City of Olympia, Thurston County and Housing Authority of Thurston County. The AFH finds that people of color, people with disabilities, people who are transgender, and single mothers are:

- cost burdened at higher rates (pay more than 30% of their income on housing costs);
- more likely to be renters;
- at higher risk of displacement (being forced to move due to eviction, increasing costs, etc);
- more likely to experience homelessness; and/or
- face continuing gaps in homeownership in Thurston County

Over 600 community members participated in online surveys and multiple organizations were consulted in development of the AFH. Strategies to address identified housing needs and disparities include:

- Reduce barriers to accessing housing, i.e. criminal and credit history
- Explore options for tenant relocation assistance
- Improve environmental health in housing units
- Increase Fair Housing and Source of Income Discrimination education, outreach, and enforcement

Public engagement for Olympia Tenant Protections (2021-2022)

Olympia City Council directed staff to pursue tenant protection policies in order to further the goals of the workplans cited and address housing challenges. The City Council allocated funding for a consultant to assist in developing an outreach and engagement plan to solicit feedback from renters

and landlords about which policies to help prioritize policies with the greatest impact. Through 1-on-1 stakeholder interviews, focus groups (with renters, renter advocates, local landlords and larger property management companies), and community surveys, staff learned about challenges faced by renters, gathered insights from landlords about potential unintended consequences of policies, and gauged level of support from stakeholders for various policy options.

Over 430 community members submitted input via community surveys in early 2022. Public engagement echoed findings from previous input and analysis that informed the development of the above workplans, including: high housing costs, difficulty accessing housing due to high cost of entry, income requirements and low vacancy rates, fears of displacement (to homelessness, to worse housing conditions, out of geographic area), health/safety concerns, and lack of accountability for noncompliance with codes/regulations or resources to help tenants enforce their rights.

Of the approximately 200 renters who completed the 2022 survey, 80% say it has been a “lot” harder to pay rent this past year compared to prior years.

Tenant Protections Enacted (2022-current)

Olympia City Council has passed several tenant protection measures under Olympia Municipal Code Chapter 5.82 (known as the Rental Housing Code) referred by the Council’s Land Use & Environment Committee (LUEC). The City Council has enacted three key ordinances enacting new tenant protections since 2022.

Staff researched and interviewed other Washington cities about their tenant protection policies, lessons learned, and best practices. Staff consulted internal stakeholders to inform program models. LUEC reviewed public input, staff research, and alignment with existing workplans to prioritize policies for adoption.

Limits to move-in fees and increased rent notification (Ordinance 7332)

Due to a State law that prohibits cities from regulating the dollar amount of rent, LUEC prioritized addressing associated housing costs that impact access to housing and helping tenants plan for significant rent increases.

In August 2022, the City Council passed an ordinance requiring longer notice periods for rent increases over 5% (120 days) and 10% or more (180 days). The state landlord-tenant law requires 60 days’ notice for rent increases. The ordinance also limits deposits/move-in costs to the equivalent of one month’s rent and limits pet deposits to 25% of one month’s rent.

This policy aligns with goals identified in workplans to make it easier for households to access housing and helps to prevent displacement due to an unexpected cost increase by allowing households more time to plan or move to new housing. Since the City has been authorized to investigate and enforce the code (starting March 1, 2024), City staff have been able to help tenants receive a rent credit for rent increases with improper notices, receive a credit at move-out for noncompliant move-in fees, and have longer time to prepare for a rent increase after a compliant notice was reissued.

Rental Registry (Ordinance 7376)

In November 2023, City Council passed an ordinance creating rental registration, business licensing and inspection requirements for rental properties. Registration and business licensing requirements

went into effect on March 1, 2024, with periodic inspection requirements starting in 2025. As of late February 2025, there are 10,552 units in the process of being registered with the City (5,940 approved and 4,612

pending applications) which is an estimated 80-85% of the rental units in the City. This policy aligns with goals identified in workplans to prevent homelessness through loss of housing by addressing housing quality standards and improve health equity through mitigating environmental health hazards in rental units.

The ordinance also created protections against retaliation when a tenant asserts their rights, allows the City to investigate and enforce the Rental Housing Code, and prohibits rent increases if a landlord fails to make repairs to make a unit habitable, if the unit fails the City's inspection, or fails to complete the required inspection.

Relocation Assistance, Limits to Fees, Right to Install Cooling Devices (Ordinance 7391)

In April 2024, an ordinance was passed to require relocation assistance if tenants are displaced from their unit under certain circumstances. A public hearing was held in March 2024, as required by state law (RCW 59.18.440), to enact proposed tenant relocation assistance requirements.

LUEC directed staff to draft the ordinance to address concerns regarding potential tenant displacement if a unit was found to need substantial repairs or was condemned through the new required inspection process. Under the ordinance, tenant relocation assistance is required when a tenant is displaced because their unit is going to be demolished, substantially rehabilitated or the use changes to a non-residential purpose (only applies to tenants earning below 50% of Area Median Income); if a unit is condemned (pursuant to RCW 59.18.085); or if rent is increased by 7% or more in a 12-month period.

This policy aligns with workplan goals to prevent homelessness through displacement due to physical displacement (unit is condemned, demolished, redeveloped) or economic displacement (rent increases). So far, none of the investigations conducted by staff have resulted in relocation assistance payments due to either households not being eligible when a unit is being substantially rehabilitated, or relocation assistance was not applicable to the situation because work displaced the tenant temporarily not permanently.

The ordinance passed in April 2024 also limited fees that may be charged by landlords and allowed tenants to install cooling devices in their units. With many renting households already experiencing housing cost burden, additional and unexpected fees can create a significant hardship for tenants who are already struggling to meet rent obligations.

During public engagement for renter protections and climate vulnerability, staff heard from some tenants that their landlords prohibit them from installing A/C units. The need for cooling devices is increasing with rising temperatures and is a health and safety issue for tenants, particularly seniors and people with disabilities or chronic health conditions. The ordinance allows landlords to set reasonable rules about installing cooling devices but prevents them from denying installation without a qualifying reason.

Staff has spent the most significant time investigating fees to determine if they comply with the Rental Housing Code. Staff has been able to prevent tenants from being charged for pest control when there was insufficient evidence that there was infestation caused by the tenant, worked with property

managers to revise listings or lease agreements with noncompliant fees, and reduced late fees that exceeded the \$10 per month limit.

Enforcement of the Rental Housing Code

Effective March 1, 2024, the City is authorized to enforce the Rental Housing Code. Enforcement actions are responsive to tenant complaints and potential violations are investigated by housing staff. Enforcement mechanisms include civil infractions carrying a monetary penalty, right of private action by the tenant, defense in an eviction proceeding, and the suspension, denial or revocation of a landlord's business license.

Typically, these complaints can be resolved through education and communication between City housing staff and property owners.

If a violation is found and a resolution cannot be reached, City housing staff refers the case to Code Enforcement, who may issue a civil infraction. Only one case has been referred to Code Enforcement to pursue a civil infraction. City housing staff also help landlords to comply who contact the City with questions, and direct landlords to other resources if the issue is addressed by state landlord-tenant law, rather than City code.

Policy proposals coming to the City Council in Q2-3 2025:

Income to Rent ratios in tenant screening

The Land Use & Environment Committee (LUEC) directed staff to bring several policy proposals to City Council after its November 2024 meeting.

An ordinance has been drafted that addresses income to rent ratios in the tenant screening process. As housing prices continue to rise, it becomes increasingly difficult for tenants to qualify for a rental unit, with current practices of requiring tenants to demonstrate that their income is three times (or more) than the rental rate. Staff have heard from local tenants that some landlords require each applicant to demonstrate their earnings are triple the cost of rent (even if they are applying as a couple or as roommates).

Other cities and states have enacted policies which limit the amount of tenant income that may be required to qualify for a rental unit (ranging from two to three times the monthly rental amount). In November 2024, staff presented information about policies enacted in Tacoma, Portland, and Colorado to LUEC to develop a proposed approach for Olympia.

In the proposed ordinance, if a landlord screens tenant income for eligibility, either a financially responsible applicant's income OR combined household income may be used to determine financial eligibility. Landlords may not require the applicant income to be more than 2.5 times the amount of monthly rent for the unit. Per state law, if a tenant uses a voucher to pay their rent, only the tenant's portion of rent should be used for screening purposes.

The ordinance has been drafted and is ready to present to the City Council, if directed to move forward. Staff is seeking direction on whether this item should be moved to full City Council this quarter or come back to LUEC for further input.

Manufactured Home tenant protections

Following passage of Olympia's tenant protections in May 2024, residents in manufactured home

communities reached out to the City for clarification on applicability to manufactured home tenancies (where the resident owns their home, but rents lot space in a park). This occurred around the same time as the Regional Housing Council's manufactured home subcommittee was developing a proposed 'Opportunity Fund' to provide a set-aside fund for emergent situations, such as when a manufactured home community is up for sale and the residents have an interest in purchasing the community as a cooperative.

The City's tenant protection policies only apply to tenancies covered under the Residential Landlord Tenant Act (rented dwelling units) and do not apply to tenancies under the Manufactured/Mobile Home Landlord Tenant Act (where the homeowner only rents lot space, not the dwelling unit).

Staff facilitated two community meetings with manufactured home residents in Olympia in September 2024 and February 2025 to gather insight and input from residents to inform the City's approach. There were approximately 25-35 attendees at each meeting. At the first meeting, residents were invited to share about their housing concerns and challenges. Staff compiled notes and themes, to include rising lot rents, concern regarding sale to corporate owners who will increase costs, concerns regarding displacement due to redevelopment, lack of transparency and communication with property owners, and specific concerns regarding maintenance responsibilities.

Staff developed policy proposals based on this information and presented options to the Land Use & Environment Committee at their November 2024 meeting. At the February 2025 meeting, staff provided residents with a survey to gather input on their support for the policy proposals.

Several of the proposed policies are similar to existing Olympia tenant protections (providing more notice of rent increases, creating the option to request relocation assistance if the tenant decides to move out rather than paying increased rent, providing more information and transparency on the rent increase notice, and providing tenants information and resources on an annual basis when their lease renews).

Residents who attended were supportive of all of the policies proposed, but due to the lack of feasibility to move their manufactured homes or find more affordable alternative housing, are concerned that their options will continue to be limited even if they are provided longer rent increase notice periods or economic displacement relocation assistance. Staff will continue to monitor state legislation to determine if rent stabilization measures and rent increase notices proposed will address these issues.

Residents were most supportive of amending the City's zoning laws to prevent existing manufactured home communities from being redeveloped to a different use to ensure they will not be displacement due to redevelopment.

Staff will draft proposed code language if directed by the City Council to bring an ordinance for consideration.

Rent to own agreements

In April 2024, the City Council approved an exemption from the rental registry for property owners renting to an immediate family member. At that time, the City Council also directed staff to look into a potential exemption for landlords who enter into lease to own contracts with their tenants. After staff research and input from legal aid attorneys prompted some concern about the risks of these

agreements to tenants, staff developed a program proposal that was presented to the Land Use & Environment Committee in November 2024.

Staff recommended requiring completion of a home inspection to ensure the home is in good condition, completion of an appraisal to determine a fair purchase price, and a title search to ensure there are no claims to the property. The City could provide some financial support to perform this due diligence if the property is sold to a low-income tenant. Staff estimates this would cost the City approximately \$2,000 per home, based on cost estimates gathered in Fall 2024. Staff also recommended that the City contract with a qualified legal service provider to aid in developing a written agreement between the landlord and tenant.

Staff has asked a local legal service provider to provide an estimated budget for these services to help create a proposed budget and scope of work to bring back to the City Council or to LUEC. Staff is seeking direction on whether to move forward with drafting a more detailed program scope and budget to bring to either the City Council or LUEC after budget estimates are provided to City staff.

A full timeline of City Council actions and notable events related to tenant protections is included as an attachment.

Next phase of tenant protections (Q2 2025 - Q1 2026):

Tenant screening

Tenant screening policies can include consideration of an applicant's criminal history, credit history, eviction history, employment history, and income, among other factors. Tenant screening practices present significant barriers for renters to access housing opportunities, particularly for people who are low-income, formerly incarcerated individuals, members of protected classes (such as people of color, people who were born outside the U.S., and people with disabilities). At the January 2024 Land Use & Environment Committee, staff were directed to bring sample policy language regarding tenant screening for public comment at a public hearing in March 2024.

Staff has provided sample policies regarding criminal history screening, credit history screening, eviction history screening, and requirements to provide alternative documentation to establish eligibility besides a Social Security Number. In April 2024, HUD released 'Guidance on Application of the Fair Housing Act to the Screening of Applicants for Rental Housing.' It discusses how housing providers and companies that offer tenant screening services can screen applicants for rental housing in a nondiscriminatory way and recommends best practices for complying with the Fair Housing Act.

Staff will provide additional policy research and options at the May Land Use & Environment Committee meeting.

Tenant Opportunity to Purchase

As part of the Affordable Homeownership Study completed in early 2024, the City's consultant gathered initial research on Tenant Opportunity to Purchase policy and program options.

The City's consultant provided sample policies from other jurisdictions, including a recommended policy from Takoma Park, Maryland, which is similar in population to Olympia. The City's consultant also recommended that the City initially pursue a tenant opportunity to purchase policy for properties

with more than ten units. Based on review of policies enacted in other jurisdictions, it is likely that some financial support and/or technical assistance may be needed for tenants to effectively purchase cooperatively.

Staff is requesting direction on whether to bring additional research and options later in 2025 or 2026.

Climate Analysis:

This action is expected to have no significant impact on greenhouse gas emissions. Preserving existing housing may have a long-term reduction on greenhouse gas emissions by eliminating need for replacement of housing units. Most manufactured home communities in Olympia are located along major transit corridors where residents have access to public transit. Preserving these housing units from commercial redevelopment will keep housing that is already accessible to transit routes.

Equity Analysis:

BIPOC households are more likely to rent and less likely to own their homes than white households in Olympia. According to HUD CHAS data (retrieved from Department of Commerce), 50% of white households in Olympia rent, while 61% of BIPOC households and 73% of Hispanic/Latinx households rent. According to ACS data (retrieved from the Thurston County Assessment of Fair Housing), about 82% of Olympia households with a single mother rent rather than own their homes.

As indicated in the Assessment of Fair Housing, income disparities contribute to difficulty in paying for housing and limit housing choice. Economic disparities and lack of intergenerational wealth have contributed to income gaps between BIPOC and white households. According to HUD CHAS data, 24% of households of color in Olympia and 22% of Hispanic/Latinx households in Olympia earn less than 30% of Area Median Income, while 15% of white households earn less than 30% of Area Median Income. According to 2020 ACS data (retrieved from the Assessment of Fair Housing), a person with a disability earned on average \$26,075, compared to \$37,168 earned by a person without a disability. Just over 33% of single mother households in Olympia had income below the federal poverty level, compared to 11% of the total population. Creating tenant protections will benefit lower-income households and protected classes, as BIPOC, people with disabilities and single parents with children are more likely to rent and have less income to pay for housing.

Households in mobile homes are over twice as likely to live in poverty (DeLuca, Stefanie, and Eva Rosen 2022, 348) and manufactured housing is the largest source of unsubsidized affordable housing in the country (Consumer Financial Protection Bureau, 'Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data'). Adults over age 65 are more likely to live in a manufactured home than the general population, according to the Regional Housing Needs Assessment. About 12 percent of seniors countywide live in manufactured housing or mobile homes compared to nine percent for the county population as a whole. Nearly 17% of adults over age 65 in Olympia have income below the federal poverty level, which is about 1.5% higher than the general adult population. Staff was not able to locate the racial demographics of Olympia residents who live in manufactured homes. Enacting policy protections that increase housing stability and reduce risk of displacement will benefit lower-income households and older adults, who are more likely to live in manufactured housing.

There is limited data on landlord demographics. City of Olympia surveys include demographic data, but not all respondents provide demographic information and there is a limited sample size.

Approximately 71% of landlords who completed the landlord survey (part of the Olympia rental housing code update in 2022) identified as white, which is similar to the general population of Olympia overall. Landlords are burdened by additional requirements or restrictions put in place by the City.

Neighborhood/Community Interests (if known):

Potential changes to Olympia Municipal Code's Rental Housing Code (OMC 5.82) are a topic of significant interest to renters and rental housing owners/operators within the city and around Thurston County. Over 430 community members participated in the 2022 Engage Olympia survey for renters, landlords, and interested third parties. Over half of Olympia's residents are renters, so the majority of residents will be impacted by any policy changes. Manufactured home community residents have expressed significant interest and have engaged with city staff by attending community meetings, providing input via phone calls and emails.

Financial Impact:

Additional costs are not anticipated at this time.

Options:

1. Receive a briefing on the City's renter protection measures and discuss next steps.
2. Do not Receive a briefing on the City's renter protection measures and discuss next steps.
3. Take other action.

Attachments:

Timeline of Renter Protections

Timeline of Council action and Notable Events related to Renter Protections work

2018

June: General Government Committee received a report on options to protect vulnerable renters along with recommendations from the 2017 Assessment of Fair Housing Report, including longer notice for rent increases over certain amounts, longer notice to vacate, required language in vacate notices, rental licensing and inspection, creation of a fair housing information hub and partnership to increase education about fair housing laws.

2019

May: Council approved a relocation assistance fund for tenants of the Angelus Apartments.

July: Land Use & Environment Committee discussed nearly 20 actions that Tumwater and other cities had been considering in order to add renter protections to Olympia Municipal Code.

September: General Government Committee considered relocation assistance program models.

October: Tenant rally at City Council

Washington Community Action Network and local tenants rallied outside City Hall and spoke to Council about renter protections. They also proposed renter protections for Olympia that include:

- Limits to security deposits and other fees
- Requiring that deposits and last month's rent can be paid over specific installments
- Limits pet deposits to 25 percent of rent, allows them to be paid in three installments
- Creates penalties for landlords that do not comply with the new code
- Prohibits specific retaliation against tenants

October: Land Use & Environment Committee discussed actions that Tumwater, Lacey, Thurston County and Olympia identified to address tenant protections and prioritized a set of actions to explore further.

November: Council study session on renter protections recently considered at Olympia City Council committees, renter protections adopted in other cities, and protections that tenant advocates brought to Council.

2020

March: Community meeting with renters and landlords (approximately 50 attendees) to learn more about community members' experiences with rental housing, challenges, and input about what the City could do to address those challenges.

April: Land Use & Environment Committee meeting reviewed changes to state landlord-tenant laws enacted during the legislative session, reviewed COVID-19 protections at the state and federal level.

May: Land Use & Environment Committee meeting considered draft Just Cause eviction code amendment to prohibit evictions without good cause (this was enacted by State Legislature in 2021).

July: update to Land Use & Environment Committee on joint discussions with Tumwater, Lacey, Thurston County and Olympia regarding potential tenant protections, in consideration with changes at the state level.

September: Land Use & Environment Committee discussed an emergency ordinance related to nonpayment of rent due to hardship caused by the COVID-19 pandemic.

October: Council enacted an ordinance that established temporary protections for tenants who had fallen behind in rent due to the COVID-19 pandemic, similar to the statewide eviction moratorium signed by Governor Inslee, but extending the timeframe of protections.

2021

May: Land Use & Environment Committee reviewed changes to state landlord-tenant law recently enacted, list of renter protections recently adopted in peer cities, and reviewed plan for consultant contract to conduct public engagement.

July: City signed contract with consultant Jason Robertson to create and implement public engagement plan.

December: Land Use & Environment Committee received briefing from staff and consultant on public engagement plan for focus groups and surveys, and received briefing on themes from initial set of 1-on-1 stakeholder interviews with tenant advocates, nonprofit organizations, property management companies, small landlords, and peer cities.

2022

April: Land Use & Environment Committee reviewed survey and focus group feedback gathered in February and March. Three community surveys were posted on the Engage Olympia webpage: one for renters, one for renter advocates/interested third parties, and one for landlords. Four focus groups were held to engage renters, renter advocates, and landlords (one landlord focus group was specifically focused on “mom and pop” landlords). LUEC considered input provided and directed staff to bring back peer city policies that address issues they prioritized: longer rent increase notice requirements and limiting move-in costs. LUEC also directed staff to pursue a rental housing registry program and provide options at a future meeting. LUEC directed staff to do additional research regarding tenant screening policies, loopholes or unintended consequences in statewide Just Cause eviction protections, and tenant relocation assistance.

May: Land Use & Environment Committee reviewed peer city policies addressing limits to move-in costs and longer rent increase notice requirements and directed staff to bring an ordinance to Council.

August: Council passed an ordinance that limits move-in fees and extends notice requirements for rent increases over 5% and 10% or more.

November: Land Use & Environment Committee received briefing on staff research regarding a rental registry program with findings from peer city policy analysis and peer city interviews, as well as information from internal stakeholders at the City.

2023

June: Land Use & Environment Committee received staff briefing on proposed rental registry program scope.

August: Council study session on proposed rental registry program scope and budget, review of potential policies to consider relocation assistance policies, and limits to fees.

August: Council passes amended ordinance to align Rental Housing Code with updates to state landlord-tenant law.

November: Council passed ordinance to create rental registry, business licensing and inspection requirements for rental properties. Additional tenant protections included: authorization of City to investigate and enforce the Rental Housing Code with penalties for violations, prohibition on retaliation against a tenant for asserting their rights, and prohibition on rent increases if a unit needs repairs to make it habitable, if the unit does not pass inspection, or the unit does not complete an inspection, as required.

2024

January: Land Use & Environment Committee received briefing on tenant relocation assistance policies, limits to fees, required language in rent increase notices, tenant ability to break lease early upon a qualifying rent increase, and tenant right to install cooling devices in their unit.

March: Rental registry goes into effect; City begins enforcing Rental Housing Code.

March: Council holds public hearing on proposed tenant relocation assistance, limits to fees, right to install cooling devices, required language in rent increase notices, tenant ability to break lease early upon a qualifying rent increase, as well as gathering information about tenant screening policies. Local tenant advocacy group Olympia for All brings supporters who testify in support of proposed Economic Displacement Relocation Assistance measures.

April: Council passes ordinance to require a landlord offers tenant relocation assistance when rent is increased by 7% or more over a 12-month period (Economic Displacement Relocation Assistance), when a unit is condemned (City may provide funds and seek repayment from landlord if they fail to pay within 7 days), or when a unit will be demolished, substantially rehabilitated, or the use changes (tenant must earn below 50% AMI and cost is equally shared between City and landlord). Ordinance also limits fees that may be charged by a landlord, creates required language in rent increase notices, allows a tenant to break their lease early upon a qualifying rent increase, and provides tenants the right to install cooling devices in their units. Ordinance also provides exemption from the rental registry, business license, and

inspection requirements to property owners renting to immediate family members. Council directs staff to explore similar exemption for property owners with a valid rent to own agreement with their tenant.

April: Council and staff were contacted by local manufactured homeowners who rent lot space in manufactured home communities for clarification on whether the most recently adopted Olympia tenant protections applied to their situation.

September: LUEC members and staff hold community meeting with manufactured home community residents to learn more about their challenges and share information.

November: Land Use & Environment Committee receives briefing on income to rent ratios in tenant screening, manufactured home policies, and rent to own exemption considerations.

2025

January: Inspection requirements begin for downtown Olympia rental properties.

February: Second community meeting for manufactured homeowners hosted by City to gauge support for proposed set of policies.



City Council

Olympia's Commute Trip Reduction Plan Update

Agenda Date: 3/11/2025
Agenda Item Number: 2.A
File Number:25-0208

Type: study session **Version:** 1 **Status:** Study Session

Title

Olympia's Commute Trip Reduction Plan Update

Recommended Action

City Manager Recommendation:

Review and discuss Olympia's Commute Trip Reduction Plan Update.

Report

Issue:

Whether to review and discuss Olympia's Commute Trip Reduction Plan Update.

Staff Contact:

Michelle Swanson, AICP, Senior Planner, Public Works/Transportation, 360.753.8575

Presenter(s):

Michelle Swanson, AICP, Senior Planner, Public Works/Transportation
Veronica Jarvis, Senior Planner, Thurston Regional Planning Council
George Castillo, Assistant Planner, Thurston Regional Planning Council

Background and Analysis:

In 1991, the Washington State Legislature passed the Commute Trip Reduction (CTR) Law as part of the Washington Clean Air Act and in response to the federal Clean Air Act. The intent was to reduce carbon emissions and traffic congestion on the state's busiest commute routes.

In response, the City of Olympia adopted the Olympia Commute Trip Reduction Plan (OMC 12.10) on February 2, 1993, and implemented measures as required by the law. The local CTR plans are required to be updated at least once every four years, in order to establish new four-year targets and program strategies and update other elements as needed.

The Thurston Regional Planning Council (TRPC) implements the CTR program on behalf of the City of Olympia and updated the plan in coordination with City staff. The update included community outreach.

Olympia's Commute Trip Reduction Plan Update for 2025-2029 has been reviewed and approved by

the Washington State Transportation Demand Management Technical Committee. This 16-member committee is a combination of public and private sector members who help develop statewide Transportation Demand Management policies and program recommendations. Transportation Demand Management aims to reduce driving alone trips.

The purpose of this agenda item is for the City Council to discuss the planned updates before it is considered for Council approval on April 8, 2025.

If approved, next steps include TRPC Board approval and final submission of the plan to the Washington State Department of Transportation (WSDOT).

Climate Analysis:

In Thurston County, the transportation sector is the second-largest producer of greenhouse gas emissions. Reducing drive alone trips to work and other destinations is an important strategy for reaching our emissions and vehicle miles reduction goals.

Equity Analysis:

Making it easier for people to get to work without driving lowers barriers to employment for some people.

Neighborhood/Community Interests (if known):

The City of Olympia's CTR-affected worksites are primarily state agencies. TRPC initiated outreach with both the Employee Transportation Coordinator network and the Business Resource Groups at state agencies. This outreach was done in spring and summer of 2024.

Additionally, the TDM Technical Committee stressed the importance of the planning process considering input from people from vulnerable populations living in overburdened communities. TRPC reached out to several state employee groups: state employee Black community, veteran community, LGBTQ, Latinos, disability inclusion network, immigrants, Hawaiians, Asians, and Pacific Islanders.

Financial Impact:

There is no funding request associated with the discussion.

Options:

1. Review and discuss Olympia's Commute Trip Reduction Plan Update.
2. Do not review and discuss Olympia's Commute Trip Reduction Plan Update.
3. Hold the discussion at another time.

Attachments:

Olympia Commute Trip Reduction Plan Update Draft

City of Olympia Commute Trip Reduction Four-Year Plan Update: 2025–2029

Benefits of CTR

1. Describe the local land use and transportation context and objectives.
 - a. Describe the setting in the jurisdiction as it is today or will be in the near future.

Olympia is the state capitol with a bustling waterfront and a port located in its downtown. The downtown is surrounded by older neighborhoods on a dense street grid, while other parts of the city give way to more circuitous routes due to subdivisions, waterways, and two highways in the area. The westside of Olympia serves as a regional retail hub and the Capitol Campus is located just south of downtown. Olympia is strategically located at the southern end of Puget Sound, placing it within one to two hours of major economic and recreational destinations throughout the region. As of 2023, the population of Olympia and its Urban Growth Area was more than 69,000 and is estimated to grow to more than 87,000 by 2045 – a 27 percent increase.

Olympia is an employment hub for the region, with more than 60,000 jobs, and many people commute and travel into the city from surrounding areas. Of those who worked in Olympia in 2017, 84 percent lived in another community. Projections for job growth indicate that downtown, the Capitol Campus, and the medical district on Lilly Road are likely to continue to be the biggest employment centers in Thurston County.

The City recently adopted its first Transportation Master Plan (TMP) which turns the vision of the Comprehensive Plan “to move people, not just cars” into 20 years of prioritized projects across the city. The ultimate goal of the TMP is to increase the number of trips by walking, biking, and transit, and it will guide the City’s investments. This Plan will influence how the City connects its transportation network and, in turn, creates better conditions for a wider range of people, abilities, and modes.

- b. Describe features of land use and transportation facilities and services that affect commuters.

- The City of Olympia uses a Complete Streets approach. As stated in the [Transportation Master Plan](#): “Olympia’s future transportation system will focus on moving people, not just cars. Our ability to create vibrant urban areas, reduce our environmental impact, and conserve our financial and energy resources will depend on an increase in walking, biking, and transit.”
- We continue to build bicycle projects in Olympia, but there are gaps in the network. Our Transportation Master Plan provides a 20-year project list that will help create a low-stress bike network throughout the city. It will include bike corridors, enhanced bike lanes, pathways, and enhanced crosswalks.

- A significant sidewalk network already exists in our city, but we are working toward our goal to have sidewalks on both sides of our largest streets: arterials, major collectors, and neighborhood collectors.
- The condition of sidewalks in Olympia is important to community members and commuters. We are currently addressing sidewalk repair by: conducting a sidewalk condition inventory; repairing multiple sidewalks across the city; and preparing for sidewalk repair policy discussions.
- Access to safer crossings to reach common destinations such as shopping centers, schools, employment hubs, and public transit stops can impact your commute. The Transportation Master Plan has a robust list of enhanced crosswalk locations planned for Olympia.
- Intercity Transit provides fare-free transit in Olympia, which reduces some of the financial barriers of using public transit. The City plans to support transit operations through transit signal priority, signal timing, queue jump lanes, in-lane boarding, and more, particularly on its urban corridors. Urban corridors are streets with surrounding land uses that are densifying over time, creating a symbiotic relationship with more frequent transit service.
- In June 2023, the City adopted the Residential Parking Reductions Ordinance which reduces parking minimums in new residential development. This may help support commuters who want to live closer to employment hubs, such as downtown Olympia and along urban corridors.
- Housing in more dense urban settings provides a more walkable environment and supports more extensive public transit systems, thereby reducing dependence on private vehicles. The [Housing Action Plan](#) lays out multiple strategies to address housing shortages and housing affordability in the City of Olympia, making it easier for more people to live closer to where they work. This, in turn, makes it easier for people to walk, roll, ride a bike, or take transit to work.
- Many of Olympia's streets were built in an era when [Complete Streets](#) requirements did not exist. Therefore, many streets are missing sidewalks, bike lanes, and other features that are now considered essential. The City continues to retrofit the streets to serve more people who walk and roll, ride a bicycle, or take public transit.

c. Describe whether and how commuting patterns have changed in the past few years.

- Telework, especially among State workers, continues to impact commute patterns in Olympia. According to the 2019 Commute Trip Reduction (CTR) survey, only 6% of Capitol Campus employees teleworked on any workday prior to the COVID-19 pandemic. Telework increased significantly during the Stay Home, Stay Healthy order and traffic volumes plummeted. According to OFM's Modern Work Environment Dashboard (updated June 2024), 77% of eligible State employees participate in telework.
- In January 2020, Intercity Transit went fare-free and ridership was up nearly 40% from the year before. However, COVID-19 impacted ridership significantly when they had to stop their fixed-route service lines. Intercity Transit continues to rebuild their service and ridership levels.
- Increasing housing prices in both Olympia and the greater Puget Sound area combined with the flexibility of telework likely impact where people live, work, and how they get around. These factors may influence community members to leave Olympia, or it could bring in new residents from outside the area.
- After COVID-19, fewer commute trips are made in our community, so we will focus on making it easier for people to not drive for all types of trips.

d. List the most important land use and transportation objectives from your city or county's plans that commute trip reduction most directly affects.

- Our Comprehensive Plan includes a goal for our transportation system to provide attractive walking, rolling, biking, and transit options, so that land use densities can increase without creating more traffic congestion. By reducing driving trips overall, we can increase density, both for housing and employment, without increasing traffic.
- The Transportation Master Plan identifies the projects we need to build to advance the vision of the Olympia Comprehensive Plan of building a street system where people will make fewer trips by car and more trips by walking, biking, and taking transit. Since our vehicle network is more complete, the goal of the TMP is to increase the number of trips made by walking and rolling, biking, and taking transit.
- The Downtown Strategy, completed in 2017, and the Capital Mall Triangle Subarea Plan and Planned Action, completed in 2024, are two strategic plans that encourage housing growth and multimodal investments in areas close to employment centers that are already served by frequent transit service.
- The Thurston Climate Mitigation Plan identifies the transportation sector as the second-largest source of greenhouse gas emissions in Thurston County. Our goal is to reach net-zero emissions by 2040 and CTR will help reduce vehicle miles traveled (VMT).
- The creation of the Thurston Climate Mitigation Plan was one of the first actions in the Sustainable Thurston Plan adopted in 2013. Sustainable Thurston set a goal for the Thurston region to move toward carbon neutrality, and create vibrant centers, corridors, and neighborhoods, while accommodating growth.

e. Describe critical aspects of land use and transportation that should be sustained and key changes that should be considered to improve commute trip reduction's contribution to the land use and transportation objectives you reference.

- As Olympia grows, it is more cost effective, sustainable, and equitable to improve the street system for modes other than driving alone. The City will continue to build transportation projects that create better conditions for pedestrians, bicyclists, and people who use transit.
- The City will continue to increase density in downtown Olympia, along urban corridors, in the Capital Mall Triangle, and in the Lilly/Martin/Pacific area, and it will also encourage more types of housing in areas previously limited to single family homes.
- Multimodal Concurrency will increase the capacity of our street system by adding bike, pedestrian, and transit improvements, in addition to improvements for cars and trucks. This is how we will accommodate the trips from new development, instead of relying on increasing the number of vehicle travel lanes.
- To promote safer conditions on our streets, we will continue to update and build projects in our [Street Safety Plan](#). We will also consider a speed management program, explore a traffic safety camera policy, and consider lowering speed limits on some of our streets.
- As stated in the Transportation Master Plan, new technology is emerging and our policies will need to have people, rather than the technology, at their center. We will need to ensure streets are inviting and comfortable to the pedestrian, the most vulnerable user of our transportation system.

- Olympia will continue to build multimodal projects that support pedestrians, bicyclists, transit riders, and also drivers. Here is a selection of planned projects that have been included in the City's Capitol Facilities Plan (construction year is subject to change):
 - Fones Road Corridor (2024)
 - Downtown Bike Corridor (2024)
 - 2024 Sidewalk Repair (2024)
 - Elliott Avenue Sidewalk Project (2025)
 - 4th Avenue and Plum Street Bike and Pedestrian Safety Improvements (2025)
 - Pacific and State Pedestrian and Bike Safety Improvements (2025)
 - Westside Bike Corridor (2025)
 - 2025 Sidewalk Repair (2025)
 - Mottman Road Pedestrian and Street Improvements (2026)
 - Martin Way Pedestrian Safety Improvements (2026)
 - I-5 Bike Trail Connection (2026)

2. Describe how the CTR program will help achieve the jurisdiction's land use and transportation objectives.

a. Describe how and to what extent your CTR program will help your city or county achieve the land use and transportation objectives referenced in question 1.

The CTR program will help achieve the jurisdiction's land use and transportation objectives by providing resources and education on commute options, which will encourage residents to utilize current and new multimodal infrastructure. CTR will reduce demand on the city's transportation system and allow the City to maximize city infrastructure investments by reducing single occupancy vehicles (SOV) on the streets. By collaborating on CTR and encouraging worksite density in the urban core, it makes the area more walkable, bikeable, and transit friendly. Encouraging market rate parking pricing and continuing to expand multimodal options will also help the City achieve their CTR goals.

3. Describe how the CTR program will help achieve the jurisdiction's environmental objectives.

a. Describe how the CTR program will support jurisdiction greenhouse gas emission reduction efforts.

The Thurston Climate Mitigation Plan was adopted by Thurston County and the cities of Olympia, Lacey, and Tumwater. This Plan sets greenhouse gas (GHG) reduction targets for the region. In Thurston County, the transportation sector is second only to the built environment (energy use in homes and commercial buildings) for GHG emissions. The GHG emissions targets for our region are:

- Achieve 45 percent reduction of 2015 levels by 2030
- Achieve 85 percent reduction of 2015 levels by 2050

In addition to the regional goals, the City Council worked with local youth to adopt a Climate Inheritance Resolution in 2019. This Resolution sets a target to reduce community-wide greenhouse gas emissions by 59 percent by 2030 (as compared to a 2019 baseline) and achieve net-zero emissions by 2040.

The City of Olympia is focused on making it easier for people to walk and roll, bike, and take public transit. Reducing vehicle trips will result in fewer GHG emissions. The City will also need to consider policies that support a switch to electric or more efficient vehicles, such as supporting more charging stations. Every drive-alone commute trip that converts to transit, rideshare, telework, or a non-motorized mode eliminates the greenhouse gas emissions that would have been generated by that drive-alone trip.

b. Describe how the CTR program will support jurisdiction environmental objectives in addition to greenhouse gas emission reductions.

- Reducing vehicles on the road reduces tire fragments and other harmful chemicals from getting into our water systems, which affects fish and other habitat.
- CTR helps to reduce vehicle trips which removes pressure to build more parking. Instead of dedicating more land to parking, it can be used to increase density near public transit, downtown, and along urban corridors. This may help reduce sprawl into rural areas and preserve that land for farming, animal habitat, and carbon sequestration.
- Reduced vehicle trips increase the efficiency of the transportation network which can result in reduced idle time, increased fuel efficiency, and less pollution and congestion.
- CTR outreach campaigns help inform the community about the impact their transportation choices have on climate change.

4. Describe how your CTR program will help achieve regional and state objectives.

a. Summarize the local, regional, and state benefits that would be gained if you achieve your CTR targets.

City of Olympia Comprehensive Plan

Goal: Walking, biking, riding the bus, and carpooling are convenient for trips to work or school. Fewer drive-alone trips will reduce pollution, energy consumption, and the growth in traffic congestion.

Objectives:

- Support the State's CTR Law with policies and programs that encourage walking and rolling, bicycling, car- or vanpooling, and taking transit.
- Expanding CTR efforts to other employment centers beyond the Capitol Campus and downtown, such as the Capital Mall area and around Lilly Road.
- Increasing parking management on public streets in employment hubs and encouraging parking management programs at large worksites.
- Continue to encourage employers to provide incentives for employees to walk, bike, or take the bus, such as cash or prizes.
- Working with the Olympia Downtown Alliance to provide incentives to walk, bike, or ride the bus to jobs downtown.
- Partnering to expand school-based programs to encourage students to walk, bike, or ride the bus.
- Encouraging staggered or flexible start and stop times at schools and worksites to reduce congestion.
- Reduced parking requirements, especially for new development in areas with frequent transit

service.

- Building more infrastructure to support walking, biking, and taking the bus.
- Supporting telework and compressed/flexible schedules.
- Encourage employers to locate new worksites in dense parts of the city with better access to transit, such as downtown or along urban corridors.

State CTR Draft Plan objectives:

- Improve delivery of CTR programs.
- Produce more useful transportation behavior data.
- Respond to shifting mobility patterns.
- Reduce greenhouse gas emissions.

Summary of benefits that would be gained by meeting CTR targets:

- Reduce greenhouse gas emissions: The state and region both have the goal of reducing greenhouse gas emissions. Each commute trip that is shifted to a non-drive alone mode through the city's CTR program reduces greenhouse gas emissions.
- Improve delivery of CTR programs: The emphasis in Olympia's Transportation Master Plan on building projects that support walking and rolling, bicycling, and using transit will improve conditions for more modes. The hope is that it will also result in a reduction of vehicle trips. This in turn will make all the CTR actions more productive and easier to deliver. This aligns with the region and state's CTR goals.
- Foster interagency collaboration: The requirements of the CTR program to consider state, regional and adjacent community goals naturally foster interagency collaboration which, in turn, yields a more integrated and robust multimodal transportation system that better meets the travel needs of all community members.
- Improve quality of life: CTR often results in fewer motor vehicle trips, which means:
 - Less congestion
 - Less pollution in the air and water
 - Less pressure to widen streets
 - Less wear and tear on our streets
 - Safer streets, as fewer vehicle trips may result in fewer collisions
 - A healthier population, due to better air and water quality
 - A more active population when people walk, bike, or take the bus (taking the bus also typically means walking to and from the bus stop)
 - Lower development costs, since parking typically makes up about 20% of the cost of a project

b. List adjacent CTR-affected cities and counties.

Thurston County, Pierce County, City of Lacey, City of Tumwater.

c. Describe the top few cross-border and regional transportation issues that affect your jurisdiction.

- Due to state agencies being a big employer, we have out-of-county commuters, so aligning

commute options can be difficult.

- Travel to and from Joint Base Lewis-McChord (JBLM).
- Lack of high-occupancy vehicle (HOV) system in Thurston County.
- Few choices for high-capacity transit into Thurston County.

d. Describe the strategies you, adjacent cities and counties, and your region have agreed to use to address the top issues described in the previous bullet.

- High level of collaboration with Pierce County.
- Robust vanpool program in Thurston and Pierce Counties to serve our region's commuters.
- Discussed the benefit of HOV lanes with regional transportation officials.
- Collaborated with Thurston Regional Planning Council (TRPC) and Intercity Transit to encourage more high-capacity options in our city and region.

Performance targets

5. List your jurisdiction's CTR performance target(s).

a. List performance targets that reflect only CTR-affected worksites.

For Olympia, we recommend a 5.6 percentage point reduction (equivalent to 12.3% reduction) to 40.0% DAR.

b. List any additional performance targets.

N/A

6. List the base value you'll use for each performance target.

a. For each performance target, provide the number you'll use as the baseline (or starting number). You'll measure the difference between this number and your results to report performance.

As of December 2023, CTR Survey Results, City of Olympia Baseline: 45.60% DAR

7. Describe the method you used to determine the base value for each target.

a. Provide the source for each base value listed.

The source will be the CTR Survey.

8. Describe how you'll measure progress toward each target.

a. List the method you'll use to measure progress for each target.

CTR Survey

9. List your jurisdiction's CTR-affected worksites.

a. List all your CTR-affected sites.

- City of Olympia - Maintenance Center
- City of Olympia - City Hall
- Commission on African American Affairs – Olympia
- Intercity Transit - Pattison Street Office
- Kaiser Permanente - Olympia Medical Clinic
- MultiCare Health System - Multicare Capital Medical Center
- Providence St. Peter Hospital – Hospital
- South Puget Sound Community College - Mottman Campus
- South Puget Sound Community College - Allied Health

- Thurston County - County Courthouse
- Thurston County - Atrium Building
- Washington Health Benefit Exchange - Olympia Headquarters
- Washington State Administrative Office of the Courts – Olympia
- Washington State Arts Commission – Headquarters
- Washington State Auditor's Office - Sunset Office
- Washington State Auditor's Office – Headquarters
- Washington State Board for Community and Technical Colleges - Olympia Headquarters
- Washington State Board for Volunteer Firefighters and Reserve Officers - Olympia Headquarters
- Washington State Board of Accountancy - Olympia Headquarters
- Washington State Board of Industrial Insurance Appeals – Headquarters
- Washington State Board of Tax Appeals - Olympia Headquarters
- Washington State Caseload Forecast Council - Headquarters Office
- Washington State Commission on African American Affairs – Olympia
- Washington State Commission on Asian Pacific American Affairs - Olympia Headquarters
- Washington State Commission on Hispanic Affairs - Olympia Headquarters
- Washington State Commission on Judicial Conduct - Olympia Headquarters
- Washington State Commission on Salaries for Elected Officials - Olympia Headquarters
- Washington State Consolidated Technology Services - 1500 Jefferson Building
- Washington State County Road Administration Board - Main Office
- Washington State Department of Agriculture – Headquarters
- Washington State Department of Archaeology and Historic Preservation - Olympia Headquarters
- Washington State Department of Children Youth and Families - 1500 Jefferson Building
- Washington State Department of Children Youth and Families - 1310 Jefferson Building
- Washington State Department of Commerce - Plum Street Headquarters
- Washington State Department of Corrections - Central Office
- Washington State Department of Employment Security – Headquarters
- Washington State Department of Enterprise Services - 1500 Jefferson Building
- Washington State Department of Enterprise Services - Fleet Operations
- Washington State Department of Enterprise Services - 616 Cherry
- Washington State Department of Enterprise Services - Capitol Campus
- Washington State Department of Enterprise Services - 1222 State Ave
- Washington State Department of Enterprise Services - BRD/TDM & Parking Services
- Washington State Department of Enterprise Services - Capitol Security & Visitor Services
- Washington State Department of Fish & Wildlife - Natural Resources Building
- Washington State Department of Fish & Wildlife - Capitol Way
- Washington State Department of Labor & Industries - WISHA Lab
- Washington State Department of Licensing - Highways Licenses Building
- Washington State Department of Licensing - Black Lake Complex
- Washington State Department of Natural Resources - Olympia Headquarters
- Washington State Department of Natural Resources - Webster Nursery
- Washington State Department of Natural Resources - Seed Orchard
- Washington State Department of Natural Resources - Aquatic Resources
- Washington State Department of Social and Health Services - OSSD-OB2
- Washington State Department of Social and Health Services - Capitol View Complex
- Washington State Department of Transportation - Headquarters Transportation Building

- Washington State Department of Veterans Affairs – Headquarters
- Washington State Employees Credit Union - Main Office
- Washington State Freight Mobility Strategic Investment Board - Olympia Headquarters
- Washington State Governor's Office of Indian Affairs - Olympia Headquarters
- Washington State Health Care Authority - Cherry St. Building & Town Square
- Washington State Health Care Facilities Authority - Olympia Headquarters
- Washington State House of Representatives - John L. O'Brien Building
- Washington State Human Rights Commission - Olympia Headquarters
- Washington State Investment Board - Olympia Headquarters
- Washington State Joint Legislative Audit and Review Committee – Headquarters
- Washington State Joint Transportation Committee – Legislature
- Washington State Law Library - Temple of Justice
- Washington State Legislative Evaluation and Accountability Program - Helen Somers Building
- Washington State Legislative Service Center - Olympia Headquarters
- Washington State Liquor and Cannabis Board – Headquarters
- Washington State Lottery – Headquarters
- Washington State Office of Administrative Hearings – Headquarters
- Washington State Office of Civil Legal Aid - Olympia Headquarters
- Washington State Office of Financial Management - Insurance Building
- Washington State Office of Financial Management - 1500 Jefferson Building
- Washington State Office of Independent Investigation - Raad Building
- Washington State Office of Financial Management - Helen Sommers Building
- Washington State Office of Legislative Support Services - Washington Building
- Washington State Office of Legislative Support Services - 15th Ave & Sid Snyder Ave buildings
- Washington State Office of Lieutenant Governor - Legislative Building
- Washington State Office of Minority and Women's Business Enterprises - Olympia Headquarters
- Washington State Office of Public Defense - Olympia Headquarters
- Washington State Office of Superintendent of Public Instruction - Olympia Headquarters
- Washington State Office of the Attorney General - Highways Licenses Building
- Washington State Office of the Attorney General - Bristol Court
- Washington State Office of the Code Reviser - Pritchard Library
- Washington State Office of the Governor - Legislative & Insurance Building
- Washington State Office of the Insurance Commissioner - Capitol Campus Insurance Building
- Washington State Office of the Secretary of State - Legislative Building
- Washington State Office of the Secretary of State - Corporations and Charities Division
- Washington State Office of the Secretary of State - Archives - Main Building
- Washington State Office of the State Actuary - Olympia Headquarters
- Washington State Office of the Treasurer - Legislative Building
- Washington State Office of the Treasurer - Helen Sommers Building
- Washington State Patrol - Headquarters - Sommers Building
- Washington State Patrol - Department Psychologist Office
- Washington State Pollution Liability Insurance Agency - Olympia Headquarters
- Washington State Public Disclosure Commission - Olympia Headquarters
- Washington State Public Employment Relations Commission - Olympia Headquarters

Commented [WJ1]: Highlighted sites are voluntary.

- Washington State Recreation and Conservation Office – Headquarters
- Washington State Senate - Capitol Campus
- Washington State Student Achievement Council - Olympia Headquarters
- Washington State Supreme Court - Temple of Justice
- Washington State Traffic Safety Commission - Olympia Headquarters
- Washington State Transportation Commission - Olympia Headquarters
- Washington State Transportation Improvement Board - Olympia Headquarters
- Washington State University - WSU Extension Energy Program
- Washington State University - Extension Office
- Washington State University - Government Relations and Academic Policy Office
- Washington State Utilities and Transportation Commission - Woodland Square
- Washington State Workforce Training and Education Coordinating Board – Olympia

10. List a performance target for each CTR-affected worksite.

- a. For any performance targets tied to the CTR survey, indicate that you'll establish performance targets during the 2023-2025 survey cycle.**
We will use the jurisdictional target for all the worksites.

11. List the base value you'll use for each site.

- a. For any performance targets tied to the CTR survey, indicate that you'll establish a base value during the 2023-2025 survey cycle.**
We will use jurisdictional targets and baseline.

Services and strategies

12. Describe the services and strategies your jurisdiction will use to achieve CTR targets.

- Gradually align the cost of monthly parking permits and leased lot passes, so they are the same cost as daily parking.
- Convert 9-hour meters in the Downtown core to short-term visitor parking, to prioritize access to local businesses and to reduce long-term commuter parking. Consider expanding secure bike parking downtown to provide more reliable options for bicycle storage.
- Consider eliminating monthly meter permits and leased lot passes.
- Consider eliminating discounts on permits or passes to employees of large worksites downtown.
- Continue to encourage hybrid-work for all employers in the city to potentially reduce congestion and peak hour travel demand.
- Collaborate with transit agencies to improve service downtown and along urban corridors.
- Work with the State to locate new worksites in the City's dense urban area - in locations where frequent transit is possible, and where employees can choose to walk, roll, or bike.
- Encourage all employers in the city to reduce employee drive-alone commute trips. Provide specific emphasis for worksites downtown.
- Build projects that support walking and rolling, biking, taking transit, and ridesharing for commuting.
- Encourage areas, such as malls, with high concentrations of employees, to develop coordinated commuter programs to reduce drive-alone commuting.

- Work with community partners to provide programs, services and incentives that will promote transit, ridesharing, walking and rolling, and biking.
- Encourage employers and schools to stagger start times to reduce peak-hour traffic volumes.
- Encourage employers to allow flexible or compressed work schedules, so employees can more easily take advantage of transit and ridesharing opportunities.
- Give City employees high-quality commuter services and incentives, while limiting parking availability, as a way to discourage drive-alone commuting.
- Require end-of-trip facilities, such as clothes lockers, showers and bike parking for people who walk or roll, bicycle, or take transit to school and work.
- Educate community members about travel options and how these choices benefit them, the community, and the environment.
- Discourage drive-alone commutes by managing the cost and supply of public parking, but give priority to parking for business patrons.
- Establish parking standards that meet the needs of business patrons but does not result in cheap and readily available parking for employees.
- Work with adjacent cities and the State of Washington on consistent parking strategies to help meet the commute trip reduction goals of the region. This will also ensure that parking standards do not act as a deterrent to the location of development.
- Collaborate to establish more park-and-ride lots in the region.

13. Describe how jurisdiction services and strategies will support CTR-affected employers.

- Reducing access to free, ample parking will encourage use of other modes, instead of driving.
- Multimodal concurrency will increase the capacity of our street system by adding bike, pedestrian, and transit improvements, in addition to improvements for cars and trucks. This will help to build a more connected pedestrian and bicycle network which may result in less trips by car.
- The Transportation Master Plan (TMP) and the Thurston Climate Mitigation Plan share goals and targets to reduce vehicle trips. These plans will guide projects and policies that support CTR.
- The new Transportation Benefit District sales tax will generate approximately \$3.1 million annually. This revenue is dedicated to pedestrian, bicycle, and active transportation projects. More revenue for active transportation projects will support CTR goals.
- We are improving street connections to create a gridded street system that will shorten trips for pedestrians, bicyclists, and drivers.
- We require bike parking in new commercial and multi-family developments. Increasing access to amenities that support active transportation may result in increased use of walking and rolling, biking, and taking transit.

14. Describe barriers your jurisdiction must address to achieve CTR targets.

a. Describe how you'll address these barriers.

- Discounted monthly parking permits encourage people to drive downtown and foster a "use it or lose it" situation. We will continue to work toward reducing the gap between

the cost of daily parking and the cost of monthly parking permits.

- City code (OMC 12.10.070) allows us to issue an infraction for CTR sites that are not complying with the CTR Ordinance. However, it is not common practice for the City to impose this fee. We will consider other options to encourage compliance.
- Safety concerns can be a deterrent for people interested in active transportation. We will continue to update our [Street Safety Plan](#) and build projects to improve conditions for a wider range of people and modes. Our Transportation division will continue to collaborate with the Olympia Police Department to help inform public outreach and enforcement strategies.
- There are gaps in the pedestrian and bicycle networks in Olympia. The City's Transportation Master Plan includes prioritized project lists to start to build out these important networks.

15. Describe the transportation demand management technologies your jurisdiction plans to use to deliver CTR services and strategies.

- TRPC, who implements the program on behalf of the City of Olympia, utilizes statewide CTR technology such as Rideshareonline, and the CTR Survey Tool to administer the CTR Survey and Program Report.

16. Transcribe or link to your local CTR ordinance.

<https://www.codepublishing.com/WA/Olympia/html0217/Olympia12/Olympia1210.html>

17. Describe your financial plan.

a. Describe the estimated average annual costs of your plan.

Thurston Regional Planning Council administers the CTR Program on behalf of the City of Olympia. Funding is provided by WSDOT by worksite and for large and small state agencies. Total funding for the Thurston Region is: \$750,000/biennium.

b. Describe likely funding sources, public and private, to implement your plan.

Funding for CTR in Olympia comes primarily from the WSDOT CTR funding. Local investment in transportation infrastructure and planning comes from federal, state and local sources. Information on how the City of Olympia spends transportation dollars is defined in the annual [Operating Budget and the Capital Facilities Plan](#).

The City's Operating Budget allocates funds for operations and maintenance costs, such as pothole repair, signs, paint striping, staff, or supplies.

The Capital Facilities Plan is a funding document that shows the City's current understanding of what it can build in the next 6 years and how the City plans to pay for it. Projects in this Plan are derived from the [Transportation Master Plan](#). There are six revenue sources: Transportation Benefit District (TBD) Sales Tax, TBD License Fee, Voted Utility Tax, Real Estate Excise Tax, Impact Fees, and grants.

18. It will be important for the City of Olympia to continue to evaluate potential new transportation funding sources. Describe your implementation structure.

a. Describe who will conduct the activities listed in your plan.

Thurston Regional Planning Council administers the CTR Program on behalf of the City of Olympia.

b. Indicate who will monitor progress on your plan.

Veronica Jarvis, Senior TDM Planner, Thurston Regional Planning Council.

19. List your implementation schedule.

a. Provide the timeline for anticipated projects. (see section 1. E)

For implementation of CTR related activities, TRPC, who implements the program on behalf of the jurisdiction, carries out these activities on behalf of Olympia:

- i. Tasks listed in the WSDOT CTR Administrative Workplan.
- ii. Biennial Commute Trip Reduction Survey.
- iii. Biennial Program reporting.
- iv. Quarterly networking sessions.
- v. Promotions such as the Bicycle Community Challenge, Switch Your Trips WA, Ride Transit Month, etc.

20. Describe the CTR plan for jurisdiction employees.

a. Describe the services, programs, information, and other actions your city or county put in place to help its employees reduce their drive alone commute trips.

Kristin Gilkerson, the CTR Program Administrator in the Public Works Transportation Department, also serves as the employee transportation coordinator for the City in its role as a CTR-affected worksite.

Kristin administers the program elements required of the employer including:

- Designation of a transportation coordinator and the display of the name, location, and telephone number of the coordinator in a prominent manner at each affected worksite.
- Regular distribution of information to employees regarding alternatives to single-occupant vehicle commuting.
- A regular review of employee commuting and reporting of progress toward meeting the single-occupant vehicle reduction goals to the City consistent with the method established in the commute trip reduction plan and the rules established by the Department of Transportation under RCW 70A.15.4060.
- Implementation of the following measures designed to achieve the City's commute trip reduction goals:
 - Publicize promotional challenges and campaigns.
 - Serve as commuter advisor to employees.
 - Provide information to employees about the CTR program and its benefits.
 - Administer CTR surveys and report results to executive management.
 - Produce the City of Olympia program report.
 - Attends ETC networking sessions.

21. Describe how the CTR plan for jurisdiction employees contributes to the success of the overall plan.

a. Describe how the plan for jurisdiction employees reinforces the success of the jurisdiction plan?

By providing City employees with a strong CTR program that encourages telework, compressed and flexible schedules, carpooling/vanpooling, transit and active transportation – we are participating and contributing to regional CTR goals. Providing bike parking, participating in CTR events such as the Bicycle Community Challenge, and offering a guaranteed ride home program demonstrates our own commitment to the CTR goals set for our city. Regular participation in ETC networking sessions also allows us to share opportunities, challenges, and ideas about CTR best practices with other cities, state agencies, and CTR affected sites in our region.

Alignment with plans

22. List the transit agencies that provide service in your jurisdiction.

Intercity Transit, Lewis County Transit, Grays Harbor Transit, Mason Transit.

23. List the transit plans you reviewed while developing this plan

Intercity Transit Strategic Plan 2024-2029

24. Describe how this CTR plan supports the transit plans.

Intercity Transit is continuing with the implementation of the Long-Range Plan (which is within the strategic plan) recognizing that the impacts of COVID-19, and impacts to the labor market, may continue to delay forward momentum. Intercity transit also plans to promote strategies that remove barriers to better utilize their services. The CTR Plan supports several initiatives listed under IT's "Design Principle #6: Support a range of transportation choices" including, but not limited to:

- Supporting/expanding vanpool and ridesharing programs.
- Promoting and encouraging alternate modes to driving alone.
- Supporting CTR and TDM efforts by state and local jurisdictions.
- Providing new opportunities for first- and last-mile strategies.

25. Describe any comprehensive plan updates that are needed and when they will be made.

The Olympia 2045: Comprehensive Plan Update is currently underway. The deadline to complete this periodic update is December 31, 2025. During this update, we are fine-tuning the plan to get us closer to our vision of "Complete Streets that move people, not just cars." Changes include:

- Adding policies that will help us become a net-zero carbon emissions city by 2040.
- Updating policies to incorporate the City's Transportation Master Plan, which was adopted in 2021.
- Ensuring we are consistent with new state mandates, including one that requires us to measure how the system works for all modes of transportation.
- Adding equity considerations.

- Expanding the Transportation Demand Management section to address reducing all vehicle trips while still noting those that can lead to congestions, such as work or school trips.
- Changing the Parking section to address everyone who parks, rather than focus on commuters.
- This CTR local plan also outlines the direction the City of Olympia is heading and its goals to promote public transit use.

Visit engage.olympia.wa.gov/transportation2045 to learn more.

Engagement

26. Describe stakeholder engagement.

a. Who did you talk to?

The City of Olympia's worksites are primarily state agencies, so TRPC initiated outreach with both the Employee Transportation Coordinator network and the Business Resource Groups at state agencies that represent vulnerable populations at state agencies. This outreach was done in spring and summer of 2024.

• City of Olympia

Stakeholder organizations:

- Intercity Transit
- Thurston EDC (presentation)
- Thurston Chamber of Commerce (presentation)
- Rural Transit
- OPOP Olympians for People-Oriented Places
- Thurston Thrives (Public health)
- Local Tribes
- State DEI Council
- State Employee Black Community
- State Employee Veteran Community
- State Employee LGBTQ
- State Employee Latinos
- State Employee Disability Inclusion Network
- State Employee Immigrants
- State Employee Hawaiians, Asians, Pacific Islanders
- City of Olympia Bicycle and Pedestrian Advisory Committee

b. When did you talk to them?

Spring and summer of 2024. May 2024 via a Transportation Options Survey, more focused outreach was done in August of 2024 in neighborhoods with CTR worksites and environmental health disparities. Outreach was done via Nextdoor, TRPC Social Media, and targeted flyers with QR codes to a survey for community based organizations and businesses.

c. What did they have to say?

People want safer, more reliable transportation options that are not cars. See attachment for rollup of feedback.

d. How did what they said influence the plan?

The feedback from stakeholders is in alignment with the City of Olympia's upcoming transportation investments.

27. Describe vulnerable populations considered. (as noted above, these are the state Business Resource Groups)

- State Employee Black Community
- State Employee Veteran Community
- State Employee LGBTQ
- State Employee Latinos
- State Employee Disability Inclusion Network
- State Employee Immigrants
- State Employee Hawaiians, Asians, Pacific Islanders
- Additional targeted outreach was done using the Environmental Health Disparities map provided by WSDOT. See attached summary of outreach from that work.

28. Describe engagement focused on vulnerable populations.

a. Who did you talk to?

- State Employee Black Community
- State Employee Veteran Community
- State Employee LGBTQ
- State Employee Latinos
- State Employee Disability Inclusion Network
- State Employee Immigrants
- State Employee Hawaiians, Asians, Pacific Islanders
- Additional targeted outreach was done using the Environmental Health Disparities map provided by WSDOT. See attached summary of outreach from that work.

29. List employers' suggestions to make CTR more effective.

- Improving public transportation
- Remote work flexibility at all employers in the area
- Improving biking and walking infrastructure
- Creating a light rail system in our area
- Better options for travel between Tacoma-Thurston

30. Describe results of engagement focused on vulnerable populations that will be provided for use in comprehensive plan and transit plan updates.

See attached rollups of stakeholder feedback and suggestions.

Regional transportation planning organization CTR plan review RTPO comments

TRPC certifies that this CTR Plan is consistent with the regional CTR plan and the Regional Transportation Plan's Goals and Policies.