



## Land Use & Environment Committee

### Consideration of a Regional Home Energy Assessment and Disclosure Policy Recommendation

**Agenda Date:** 2/20/2025  
**Agenda Item Number:** 6.B  
**File Number:**25-0132

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**Type:** recommendation   **Version:** 1   **Status:** Filed

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#### **Title**

Consideration of a Regional Home Energy Assessment and Disclosure Policy Recommendation

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to forward the proposed model ordinance recommendation for a regional Home Energy Assessment and Disclosure Policy recommendation to City Council for consideration.

#### **Report**

##### **Issue:**

Whether to move to forward the proposed model ordinance recommendation for a regional Home Energy Assessment and Disclosure Policy to City Council for consideration.

##### **Staff Contact:**

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##### **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 10 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.

Note, 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.

**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. Move to forward the proposed model ordinance recommendation for a regional Home Energy Assessment and Disclosure Policy recommendation to City Council for consideration.
2. Do not Move to forward the proposed model ordinance recommendation for a regional Home Energy Assessment and Disclosure Policy recommendation to City Council for consideration.
3. Move to forward the proposed model ordinance recommendation for a regional Home Energy Assessment and Disclosure Policy recommendation to City Council for consideration with modifications.

**Attachments:**

Draft Ordinance  
Budget  
Stakeholder Feedback Summary  
Policy Review Memo