

Summary of Home Energy Score (HES) Stakeholder Focus Groups

Thurston Climate Mitigation Collaborative, September 2024

Background

In September 2024, the Thurston Climate Mitigation Collaborative (TCMC) conducted four in-person focus groups with industry professionals to inform development of the regional Home Energy Score (HES) Model Ordinance. Participants represented real estate professionals, homebuilders, inspectors, energy service providers, lenders, housing organizations, utilities, and public agencies.

The purpose was to present the proposed HES framework, gather feedback on potential impacts, and identify key considerations for implementation. Discussions focused on the role of HES in real estate transactions, program administration, compliance and enforcement, market impacts, and workforce readiness.

Across the sessions, participants acknowledged that energy information is valuable, but expressed concerns about transaction complexity, costs to sellers, market impacts, and a lack of enforcement capacity. They emphasized that voluntary participation would not generate meaningful uptake and that education and incentives must accompany any mandate.

Key Themes Across Focus Groups

1. HES as an Educational Tool

Participants viewed the Home Energy Score as primarily an informational and educational resource rather than a driver of immediate upgrades during a home sale.

Many participants noted that the home sale process is already complex, time-constrained, and emotional. As a result, energy performance is often a secondary consideration compared with structural issues, financing, or safety concerns identified in inspections.

Participants suggested that HES could be valuable in helping homeowners understand their home's energy performance and potential improvements, particularly after purchase or as part of longer-term planning. Several noted that the score could provide a roadmap for improvements that buyers might pursue after closing.

2. Impacts on Real Estate Transactions

Real estate professionals consistently emphasized that the timing and integration of HES into the transaction process is critical. The home sale process is already time-sensitive and complex, and additional requirements could create delays if not carefully integrated.

Participants noted that transaction timing could be addressed by establishing clear expectations for vendors providing Home Energy Scores, including rapid turnaround times to ensure scores can be completed without disrupting listing timelines. Participants also recommended establishing contingencies or alternative procedures in cases where a score cannot be completed within the transaction timeline.

In addition, participants highlighted the importance of streamlining the process for generating and sharing scores. Direct connection between the scoring platform and Multiple Listing Service (MLS)

systems was identified as a potential mechanism to minimize administrative burden and ensure energy information can be easily included in property listings.

Some participants raised concerns that low scores might negatively influence buyer perception or home value, particularly for older homes, while new homes would score well due to new energy efficiency standards. Others noted that energy information is already discussed informally during inspections, but is rarely a primary factor in negotiations. Participants, specifically realtors, shared concerns about perceived liability if they were seen as responsible for interpreting or explaining terms.

3. Compliance and Enforcement Challenges

Across all focus groups, participants expressed concern that local governments could effectively enforce a mandatory HES requirement through current code compliance processes.

Local jurisdictions were described as having limited staffing and resources, with enforcement priorities focused primarily on life-safety and health issues. As a result, many participants felt compliance mechanisms would need to be integrated into existing market or financing systems rather than relying solely on municipal enforcement.

Suggested approaches included integrating HES into mortgage or escrow processes, where the score could be verified during financing or closing. Some participants noted that similar approaches exist for other requirements, such as septic system inspections.

Participants also emphasized that voluntary programs typically have low participation and suggested that if HES is pursued as a policy, a clear non-punitive compliance structure would be needed for it to be effective.

4. Market Value and Financing Considerations

Participants highlighted a disconnect between the cost of energy improvements and their recognition in home appraisals. Several recommended engaging the appraisal industry and encouraging the use of tools such as the Green Addendum developed by the Appraisal Institute to better capture the value of efficiency improvements. Most participants were unfamiliar with the Green Addendum.

Financing mechanisms were also discussed. Programs such as energy-efficient mortgages could allow buyers to finance upgrades based on projected energy savings. No realtor participants were familiar with these funding mechanisms. Builder participants expressed concern that low scores could eventually impact home values, particularly for older homes and lower-income sellers.

5. Considerations for New Construction and Existing Homes

Builders noted that new homes are already required to meet increasingly stringent energy codes. As a result, new construction would generally perform well under HES scoring.

Participants recommended creating an equivalent compliance pathway for homes meeting current energy codes or participating in voluntary high-performance building programs to avoid additional costs or redundant processes. Builders suggested creating alternative compliance pathways for new homes, or exempting new homes built in 2021 or prior.

For existing homes, participants acknowledged that energy performance is rarely a central part of real estate discussions. Instead, efficiency improvements are typically raised if outdated equipment, insulation gaps, or other issues are observed during inspections.

6. Equity and Low-Income Considerations

Equity impacts were raised across several focus groups. Participants emphasized that low-income households should not bear additional financial burdens associated with energy assessments or upgrades.

Suggestions included subsidizing the cost of obtaining a Home Energy Score for low-income households and prioritizing outreach and assistance in neighborhoods where homes are older and energy improvements could deliver the greatest benefits.

Participants also noted that point-of-sale incentives may be more accessible for lower-income households than rebates, which require paying costs upfront and then waiting for reimbursement. Participants emphasized the importance of supporting implementation and avoiding punitive enforcement.

7. Workforce and Program Capacity

Participants emphasized that a mandatory HES program would require a sufficiently trained workforce to conduct assessments and provide timely service during real estate transactions.

Recommendations included developing a workforce training strategy several months prior to program launch to ensure adequate capacity. Participants also suggested coordinating with utility energy efficiency programs and developing a workforce tied to equity - supporting women, veterans, and people from frontline communities to serve as HES Assessors.

8. Education, Outreach, and Program Administration

Participants stressed the need for sustained pre-launch education (1-2 years) and outreach before implementing any formal requirements. Participants stated that clear, centralized educational materials for realtors, buyers, sellers, contractors, and lenders would be needed.

Participants also emphasized the importance of simple, consistent regional rules for program administration, streamlined processes, and integration with existing systems such as the MLS platform.

Several participants suggested that program administration should be handled by a third-party entity to maintain neutrality, manage quality assurance, and oversee reporting.

Participants recommended a countywide score database, API-supported MLS integration, and public dashboards showing energy use trends and community progress.

9. Other Voices to Consider

Participants in each focus group were asked if any additional stakeholders should be included in the focus groups. No suggestions were provided by participants. As such, the focus group work concluded with the four focus groups summarized here.

Focus Group Participants

Focus Group 1: Real Estate Transaction (September 17, 2024)

- Dwayne Boggs, Home Inspector, Boggs Inspection Services
- Polly Barber, Realtor, Homes by Polly Barber
- Anya Myer, Realtor, RE/MAX
- Kim Piper, Realtor, RE/MAX
- Garen Thatcher, HES Provider, SwiftSure Energy Services

Focus Group 2: Building Industry (September 18, 2024)

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

Focus Group 3: Mixed Industry Professionals (September 18, 2024)

- 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

Focus Group 4: Mixed Industry Professionals (September 19, 2024)

- Thea LaCross, Executive Director, Thurston Housing Land Trust
- Kristine Rompa, Senior Local Government Affairs Representative, Puget Sound Energy
- Mackenzie Winchel, HES Program Manager, Earth Advantage