

## **Bend Community Climate Action Plan Information on the Home Energy Score**

### **Energy in Buildings Strategy 3: Implement benchmarking and disclosure programs for energy performance (page 24 in the [CCAP](#))**

Sub action: Implement a Home Energy Score program that requires every home to be scored on its energy use and energy efficiency at the time of listing.

***It is important to note that at this point, the Home Energy Score is just a strategy in the Climate Action Plan. In order for it to be put into place, a separate ordinance will have to be developed and adopted by City Council. We have the opportunity to shape the program into something that works for Bend. The development of the ordinance will be a collaborative process with the community. The general assumed structure is based on ordinances from other communities across the country.***

### **Overview—what is the Home Energy Score?**

Developed by the US Department of Energy and its national laboratories, the [Home Energy Score](#)<sup>™</sup> provides home owners, home buyers, and renters directly comparable and credible information about a home's energy use. Like a miles-per-gallon rating for a car, the HES is based on a standard assessment of energy-related assets to easily compare energy use across the housing market.

Home Energy Score (HES) will help build market value for energy efficient homes that improve quality of life by:

- Providing Bend homeowners and homebuyers knowledge of home energy efficiency and cost-effective improvements in order to reduce energy use and costs.
- Encouraging use of reliable, consistent home energy efficiency information in real estate transactions to inform home buying decisions, and build a market value for comfortable, energy efficient homes.
- Allowing Bend home owners and home buyers to access special Fannie Mae, Freddie Mac, and FHA lending products that support energy efficiency improvements.

### **Features of the Home Energy Score**

The Home Energy Score Report estimates home energy use, associated costs, and provides energy solutions to cost-effectively improve the home's efficiency. The HES tool is uniquely refined to require minimal data input – to save on time, money, and training for Assessors – while producing maximum accuracy for energy use predictions. Each HES is shown on a simple one-to-ten scale, where a ten represents the most efficient homes. The HES report includes:

- An energy efficiency score based on the home's envelope (foundation, roof, walls, insulation, windows) and heating, cooling, and hot water systems
- A total energy use estimate, as well as estimates by fuel type assuming standard operating conditions and occupant behavior
- Recommendations for cost-effective improvements and associated annual cost savings estimates
- A "Score with Improvements" reflecting the home's expected score if cost-effective improvements are implemented

The Oregon Department of Energy has developed a special, Oregon-version of the HES report that would be accessible in Bend, making the information in the HES report even more relevant to local residents.

### **Benefits of an HES Policy**

- For Owners
  - Information on money-saving home improvements.
- For Buyers
  - Better insight into the full costs of owning or renting a home.
  - Ability to compare energy costs and performance between homes.
  - Knowledge of potential home improvements in advance of purchase.
  - Access to additional mortgage products.
- For Sellers
  - Recoup investments in energy upgrades at time of sale.

### **Other Background Resources**

- [“What does my score mean?” fact sheet](#)
- [Learn more](#) about the background and why the Home Energy Score was developed by the US Department of Energy.
- [Home Energy Score Scoring Methodology](#)
- [City of Portland Home Energy Score](#)
- [Grounded Podcast: Oregon Scores](#) (from the Oregon Department of Energy)

### **Responses to Common Concerns**

#### **Why Home Energy Scores?**

The Oregon Department of Energy's *2018 Biennial Energy Report* took a deep dive into energy consumers in our state. Unfortunately, Oregon continues to see challenges faced by energy-burdened consumers. An Oregonian is considered "energy burdened" when their household's energy-related expenditures exceed 6% of their income. In Deschutes County, 15-29% of residents earning 200% or below the Federal Poverty Level are energy burdened. Home energy scores can help consumers better understand a home's energy efficiency, and identify simple home improvements that can mean big savings for their energy bills. (Taken from Oregon Department of Energy [website](#)).

#### **Homebuyers aren't asking for HES. They don't think this is important.**

Just because buyers aren't currently asking for this, doesn't mean they don't care—it means that they just don't know about it yet. Considering energy use in the lifetime costs of homeownership has not historically been something that has been considered when buying a home. This is an important piece of the conversation of homeownership that has been missing that has left many in Bend searching for solutions to reduce \$500/month winter energy bills. For those that do appropriately factor energy costs into their budget, think of the extra buying power that homebuyers could have when utility bills are reduced by hundreds of dollars each month.

#### **Requiring an HES slows down the home-selling/buying process.**

There is no evidence that energy disclosure disrupts the sale process. These types of policies usually require that a HES is required at the time of listing, not at the time of sale so it does not slow down the closing process. In Portland, Home Energy Scores have been required for almost 2 years with no apparent delay or disruption in the home selling process. In fact, in Portland the assessments can be obtained with same day service. In [Austin, TX](#), where home energy audits have been required for ten years, realtors say the policy has not harmed the market in any discernible way.

### **There aren't enough assessors to do the work**

It is true that there currently only a handful of businesses in Bend that could perform the audit to give a home an HES. However, it is something that home inspectors can easily get training in to expand their service offerings. In Portland, many new businesses have formed to meet the rising demand for these services. Earth Advantage has created a "[Roadmap](#)" to becoming an assessor that outlines the process for becoming approved to issue HES.

### **Energy audits are expensive**

There are varying levels of information that can be collected during an energy assessment. The HES was developed by the US Department of Energy to ensure that energy assessments could be done more quickly and at lower cost than was possible historically. The HES takes about 1 hour to collect the 40 points of data that are needed to generate a score. It is estimated that the cost of an HES audit will be about \$200, and we expect the price to go down after HES goes into effect. In Austin, where audits are required, the cost of an audit quickly fell to \$125 as demand for audits rose. In the Portland market, audits are averaging about \$150.

### **HES makes housing unaffordable**

- **Knowledge is power, and home energy scores give home buyers more knowledge about the costs of operating the home they are buying.** Energy costs can be a substantial monthly expense, especially for low-income households. You wouldn't buy a car without knowing the miles per gallon. HES puts homebuyers in the drivers' seat by revealing the full costs of home ownership.
- **Without HES, home energy performance remains hidden from both sellers and buyers – which doesn't benefit anyone.** Hiding home energy information certainly won't make housing more affordable and isn't smart policy. In fact, we think this "heads in the sand" approach is especially harmful to lower-income homebuyers, who stand to benefit the most from greater knowledge about the costs of home ownership.
- **The vast majority of home sellers will be able to afford the cost of a home energy audit.** For those that cannot, the City will work identify ways to cover the upfront cost of the assessment.
- **Housing affordability is primarily a function of supply and demand.** Bend faces a supply shortage. Home energy scores are information policy that do not affect the supply of housing.
- **In harder economic times, HES will have even more benefit to homebuyers.** When times are tough, it is more important to understand the full cost of owning a home.

### **The Home Energy Score unfairly impacts poor people who may own sub-standard housing and their homes be worth less on the open market**

- **It's not true that all lower-income homeowners will receive lower home energy scores.** Home energy scores take many factors into account, including home size and total energy use. In fact, it's bigger, luxury homes with high energy consumption (think hot tub and air conditioning!) that are likely to receive lower scores.
- **Getting a home energy score will help lower-income borrowers access special mortgage products, helping them finance energy efficiency improvements.** The scoring tool we propose to use (US DOE's Home Energy Score) gives low-income borrowers access to special home energy loans, that will help them improve their home's energy performance. The Bend real-estate market is enjoying unprecedented appreciation. Low-income homeowners have benefited from this too.

### **These kinds of carbon policies don't really lower emissions**

- The policy addresses residential energy use, the biggest source of sector-based emissions in Bend, according to the [Community Greenhouse Gas Emission Inventory](#).
- This policy introduces information that is critical for buyers and renters alike to take action on their energy use. We don't know what we don't know and with currently energy consumption and costs masked, most residents have no idea that there is room for improvement in their home.
- This is a long game. This is market transformation that uses a market solution, not a prescriptive regulatory one (we aren't requiring that energy efficiency improvements be made—just that the information is supplied). It won't happen overnight, but it will accelerate voluntary energy efficiency upgrades in the residential market over time.
- Early indications from other communities that have scoring policies are that upgrades do follow disclosure. In Austin, as a result of disclosure, six percent of homes undertook energy upgrades. Commercial disclosure policies in NYC and SF are starting to show reductions in energy consumption.

### **Is Bend the only community considering a mandatory HES program?**

Oregon's statewide home energy scoring program is voluntary, but more local cities are looking into developing mandatory programs. The [City of Portland](#) was the first Oregon community to adopt a mandatory energy score program. In the last year, Portland has issued more than 7,000 scores. Oregon Department of Energy has also met with other Oregon communities, including Milwaukie, Bend, Eugene, Corvallis, Ashland, Hood River, and Hillsboro.