188143 12/7/2016 Amendments. Staff

## AMENDMENTS TO HOME ENERGY SCORE POLICY

Two new amendments for Home Energy Score code:

- 4. Require scores to be included in real estate market listings.
- 5. Exempt low income sellers from the disclosure requirement.

Amendments	Yes/No
Title 17 code changes (new)	
Amendment #4 - Require scores to be included in real estate	
market listings.	
Title 17 code changes (new)	
Amendment #5 - Exempt low income sellers from the disclosure	
requirement.	

## Title 17 code change (new)

Amendment #4 – Require scores to be included in real estate market listings.

Amend:

## 17.108.020 Definitions.

Add:

"Real estate listings" means any public listing of homes for sale in the City of Portland. **Q**. "Real estate listings" include postings by a property owner or by a licensed real estate agent publicly listing a home for sale. "Real estate listings" include any printed advertisement, internet posting, or publicly displayed sign, including but not limited to Regional Multiple Listing Service, Redfin, Zillow, Trulia and other third party listing services. "Real estate listings" shall include the Home Energy Performance Score and the attached Home Energy Performance Report, to the extent that attachments are accepted by the listing service.

Add and Strike:

17.108.040 Energy Performance Rating and Disclosure for Covered Buildings. Prior to publicly listing any covered building for sale, the seller of a covered building, or the seller's designated representative, shall:

- A. Obtain a home energy performance report of such building from a state licensed home energy assessor, and;
- B. Provide a copy of the home energy performance report:
  - 1. To all licensed real estate agents working on the seller's behalf; and
  - 2. To prospective buyers who visit the home while it is listed publicly for sale; and
  - 3. To the Director <u>for quality assurance and evaluation of policy compliance.</u>, prior to the covered building being listed publicly for sale on the real estate market.
- C. <u>Include the Home Energy Performance Score in all real estate listings, including the Home</u> <u>Energy Performance Report if attachments are accepted by the listing service.</u>

Strike:

**17.108.050 Transparency of Energy Performance Information.** Home energy performance reports for covered buildings will be available to the public following disclosure to the Director by the Seller.

## Title 17 code change (new)

Amendment #5 – Exempt low income sellers from the disclosure requirement.

Amend:

## 17.108.060 Exemptions and Waivers.

- A. The Director may exempt a seller from the requirements of this Chapter if the seller submits documentation that the covered building will be sold through of any of the following:
  - 1. A foreclosure sale,
  - 2. A trustee's sale,
  - 3. A deed-in-lieu of foreclosure sale, or
  - 4. Any pre-foreclosure sale in which seller has reached an agreement with the mortgage holder to sell the property for an amount less than the amount owed on the mortgage.
- B. 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 covered 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 covered building due to financial distress,
- 3. The senior mortgage on the covered building is subject to a notice of default,
- 4. The covered building has been approved for participation in Oregon Property Tax Deferral for Disabled and Senior Citizens, or equivalent program as determined by the Director, or
- 5. The responsible party is otherwise unable to meet the obligations of this Chapter as determined by the Director.
- C. <u>The Director may exempt a seller from the requirements of this Chapter where the Director</u> <u>determines that compliance with the requirements of Section 17.108.040 would cause undue</u> <u>hardship under any of the following circumstances:</u>
  - 1. <u>The low-income qualified seller demonstrates household income is at or below 60</u> percent of median household income for the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area,
  - 2. <u>The low-income qualified seller has been approved for participation in Oregon Low-Income Home Energy Assistance Program.</u>
  - 3. <u>The low-income qualified seller has been approved for participation in Free and</u> <u>Reduced Price Meals through Oregon Department of Education, or</u>
  - 4. <u>The low-income qualified seller is otherwise unable to meet the obligations of this</u> <u>Chapter as determined by the Director.</u>
- D. The Director may provide a waiver from the requirements of this Chapter for homebuilders or sellers using scoring products that are not compliant with Oregon Administrative Rules adopted by Oregon Department of Energy for Oregon's Home Energy Performance Score Standard. The waiver will allow homebuilders or sellers currently using Energy Performance Scores (EPS) or Home Energy Rating System (HERS) to temporarily continue the use of these asset rating tools.

Strike:

## 17.108.070 Low-income Seller Deferral.

- B.<u>A.</u> Seller may seek a low-income seller deferral from the Director where the Director determines that compliance with the requirements of Section 17.108.040 would cause undue hardship under any of the following circumstances:
  - 1. The low-income qualified seller demonstrates household income is at or below 60 percent of median household income for the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area,
  - 2. The low-income qualified seller has been approved for participation in Oregon Low-Income Home Energy Assistance Program,
  - 3. The low-income qualified seller has been approved for participation in Free and Reduced Price Meals through Oregon Department of Education, or
  - 4. The low-income qualified seller is otherwise unable to meet the obligations of this Chapter as determined by the Director.
- C.<u>B.</u> The low-income qualified seller seeking deferral shall submit notice of deferral in writing to the Director prior to the covered building being listed publicly for sale on the real estate market.
- D.C. When a seller provides notice of a low-income seller deferral, compliance with the requirements of Section 17.108.040 shall be upon the buyer of the covered building. The buyer shall obtain a home energy performance report of such building from a state licensed home energy assessor, and provide a copy to the Director within 4 months of the original sale date or at the subsequent time of listing for sale if it occurs less than 4 months from the original sale date, or
- E.D. Where the requirements of Section 17.108.040 would cause undue hardship for a lowincome qualified buyer under the circumstances identified in Subsection 17.108.070 A, the low-income qualified buyer shall be exempt from compliance with Subsection 17.108.070 C.

Amend:

17.108.080-070 Enforcement and Penalties.

Amend:

17.108.090 080 Right of Appeal and Payment of Assessments.

## 188143



November 2016

## The City of Portland's proposed Home Energy Score Ordinance

For policy details, please visit: <u>www.portlandoregon.gov/bps/homeenergyscore</u>

Knowledge is power: Home energy scores give homebuyers more knowledge about the costs of operating the home they are buying. Energy costs for a typical home are \$1,800 per year—that's a substantial expense, especially for low-income households. You wouldn't buy a car without knowing the miles per gallon (MPG). Home energy scores reveal the full costs of home ownership.

It's twice as important for homes to have an energy score as for cars to have an MPG rating. A home energy score is a straightforward market approach to help homeowners see the full cost of owning a house. Houses last for 50, 80, even 150 years. We need to put them all on a path to becoming more efficient, saving their current and future owners hundreds or thousands of dollars every year for decades.

Realtors suggest that people who want an energy score can get one today and that there's no need for a requirement. But note the parallel to fuel efficiency of vehicles: Automakers didn't start including MPG ratings because of consumer demand; regulations required it because it produces a public good as well as a private one. Today, who would buy a car without knowing the MPG? The energy bills for a home are about twice the cost of fueling a car for year, so it's even more important for houses to have their version of an MPG rating.

There is no evidence that energy disclosure disrupts



the sales or lending process. In Austin, where home energy audits have been required for seven years, realtors and mortgage lenders say the policy has not harmed the market in any discernible way.

Without a home energy score, 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 is working to identify ways to cover the upfront cost of the assessment.

The current cost of an audit is \$200, and we expect the price to go down after the requirement goes into effect. In Austin, where audits are required, the cost of an audit quickly fell to \$125 as demand for audits rose.

In harder economic times, home energy scores will offer even more benefit to homebuyers. When times are tough, it is more important to understand the full cost of owning a home. Lower-income people spend a higher proportion of their income on energy bills. These consumers have even more to gain from a policy like this.

**Home energy scores will not affect financially vulnerable homeowners.** The proposal exempts homes that are under water — when the balance of the mortgage loan is higher than the fair market value of the property. Exemptions also address other extenuating legal and financial circumstances. Low-income sellers are able to defer the home energy score to the buyer. Details on exemptions and deferrals here: <a href="http://www.portlandoregon.gov/bps/article/595222">http://www.portlandoregon.gov/bps/article/595222</a>.

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 tubs and air conditioning) that are likely to receive lower scores.

**Obtaining a home energy score will help lower-income borrowers access special mortgage products to help 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 Portland real-estate market is enjoying unprecedented appreciation. Low-income homeowners have benefited from this too.

## AMENDMENTS TO HOME ENERGY SCORE POLICY

11-23-16 Staff 188143

Four amendments for Home Energy Score code and Ordinance:

- 1. Direct BPS to develop solutions to provide scores for low-income sellers
- 2. Assign BPS director the authority to suspend Home Energy Score Policy
- 3. Direct BPS to report back to council on market readiness in advance of effective date

Amendments	Yes/No
Amendment to Ordinance	
<u>Amendment #1 (new)</u> – Direct BPS to develop solutions to cover the upfront costs of policy compliance for homeowners who qualify for exemptions or low-income seller deferral.	
Title 17 code changes (new)	
<u>Amendment #2</u> (new) – Grant BPS Director the authority to temporarily suspend or modify the requirements of this Chapter based on a determination that such requirements are temporarily infeasible due to economic or technical circumstances.	
Amendment to Ordinance	
<u>Amendment #3</u> (new)- BPS to report back to Council no fewer than two months prior to the effective date on the market readiness for policy implementation.	

## Amendments to Ordinance

Amendment #1 – Amend the Ordinance to provide additional direction to BPS.

NOW, THEREFORE, the Council directs:

- a. Title 17 of the City Code is amended by adding Chapter 17.108 Residential Energy Performance Rating and Disclosure as set forth in Exhibit A attached to this ordinance.
- b. <u>The Bureau of Planning and Sustainability will develop solutions to cover the upfront costs of</u> policy compliance for homeowners who qualify for exemptions or low-income seller deferral.
- c. No fewer than two months prior to the effective date of the City Code Chapter 17.108, the Bureau of Planning and Sustainability will report to City Council on proposed solutions to cover the costs of program compliance for homeowners who qualify for exemptions or low-income seller deferral.

1

d. Within 30 months after the effective date of the City Code Chapter 17.108, the Bureau of Planning and Sustainability will report back to City Council on results of a program evaluation of the disclosure of single family residential energy performance information, including but not limited to accuracy of disclosed information, rates of compliance, other program impacts and recommendations for ongoing review.

## Title 17 Code Change (new)

Amendment #2 – BPS Director authority to temporarily suspend or modify the requirements

Amend:

## 17.108.30 Authority of Director to Adopt Rules.

Add:

B. The Director may temporarily suspend or modify the requirements of this Chapter based on a determination that such requirements are temporarily infeasible due to economic or technical circumstances. The Director's determination to temporarily suspend or modify shall be filed as a report with the City Council. The Director's determination shall be effective after the Council has accepted the report.

## Amendment to Ordinance

Amendment #3 – Amend the Ordinance to provide additional direction to BPS.

NOW, THEREFORE, the Council directs:

- a. Title 17 of the City Code is amended by adding Chapter 17.108 Residential Energy Performance Rating and Disclosure as set forth in Exhibit A attached to this ordinance.
- b. No fewer than two months prior to the effective date of the City Code Chapter 17.108, the Bureau of Planning and Sustainability will report back to City Council on the market readiness for policy implementation, including but not limited to the number of home energy assessors licensed, trained and prepared to meet the market demand for the number of daily home listings on the real estate market.
- c. Within 30 months after the effective date of the City Code Chapter 17.108, the Bureau of Planning and Sustainability will report back to City Council on results of a program evaluation of the disclosure of single family residential energy performance information, including but not limited to accuracy of disclosed information, rates of compliance, other program impacts and recommendations for ongoing review.

Staff handant

Over time, cost savings from energy efficiency can be substantial. 188143 A more efficient home can save a homeowner almost \$10,000 over 10 years.



	House #1 NE 71 <sup>st</sup> Ave.	House #1 NE 80 <sup>th</sup> Ave.	House #3 SE 74 <sup>th</sup> Ave.
Year built	1922	1913	1912
Size (sq. ft.)	1,383	1,270	1,320
Annual energy cost	\$1,000	\$1,686	\$1,947
10-year energy cost	\$10,000	\$16,860	\$19,147



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



# Home Energy Score

Score

Home Facts

Recommendations



## Roof, attic & foundation

Roof / Attic 1	Construction type / Exterior	Finish / Insulation level	
Attic floor area (square feet)	900		
Roof construction	Roof Standard Roof / Compo	sition Shingles or Metal / R-0	
Roof color	Medium Dark		
Attic or ceiling type	Unconditioned Attic		
Attic floor insulation	R-3		
Foundation / Floor 1			
Floor area (square feet)	900		
Foundation type	Vented Crawlspace		
Floor insulation above basement or crawl space	R-0		
Foundation walls insulation level	R-0		
Walls	inish / Insulation level		
	Wood Frame / Wood, Asbestos, Fiber Cement, Composite Shingle, or Masonite Siding / R		
All sides	Wood Frame / Wood, Asbestos,	Fiber Cement, Composite Shingle, or Masonite Siding / F	
4	Wood Frame / Wood, Asbestos,	Fiber Cement, Composite Shingle, or Masonite Siding / F	
Windows & skylights			
Windows & skylights Skylights	Roof / Attic 1	Roof / Attic 2	
Windows & skylights Skylights Does the house have skylights?	Roof / Attic 1 No		
Windows & skylights Skylights Does the house have skylights? Windows	Roof / Attic 1	Roof / Attic 2	
Windows & skylights Skylights Does the house have skylights? Windows Window area front	Roof / Attic 1 No Square feet 150	Roof / Attic 2	
Windows & skylights Skylights Does the house have skylights? Windows	Roof / Attic 1 No Square feet	Roof / Attic 2	
Windows & skylights Skylights Does the house have skylights? Windows Window area front	Roof / Attic 1 No Square feet 150	Roof / Attic 2	
Windows & skylights Skylights Does the house have skylights? Windows Window area front Window area back	Roof / Attic 1 No Square feet 150 120	Roof / Attic 2	
Windows & skylights Skylights Does the house have skylights? Windows Window area front Window area back Window area right	Roof / Attic 1 No Square feet 150 120 60	Roof / Attic 2 No	



## Home Energy Score

Score	Home Facts	Recommendations
Score		Reconnendations

Address: 12345 Honeysuckle Lane Smithville, AR 72466

Repair now: These improvements will save you money, conserve energy, and improve your comfort now	Estimated utility bill savings (\$/year)
Attic 1 / Increase attic floor insulation to at least R-49	187
Ducts 1 / Add insulation around ducts in unconditioned spaces to at least R-6	71
Ducts 1 / Have your ducts professionally sealed to reduce leakage	171

Replace later: These improvements will help you save energy when it's time to replace or upgrade	Estimated utility bill savings (\$/year)	
Furnace 1 / Pick one with an ENERGY STAR label	106	
Central Air 1 / Pick one with an ENERGY STAR label	80	
Water heater / Pick one with an ENERGY STAR label	34	



With these improvements reduce your home's carbon footprint by: 27%



The Home Energy Score recommendations for efficiency improvements are based on selected data from the home's assets, not information from a complete energy audit. 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.

## **IMPACT STATEMENT**

**Legislation title:** Require disclosure of energy performance ratings for residential single family buildings when listed for sale to promote transparency in housing costs and reduction in local carbon emissions (Ordinance; add Code Chapter 17.108)

<b>Contact name:</b>	Kyle Diesner
<b>Contact phone:</b>	(503) 756-2114
Presenter name:	Susan Anderson and Andria Jacob

#### Purpose of proposed legislation and background information:

The City and County Climate Action Plan includes Action 1B, Residential Energy Performance Ratings: Require energy performance ratings for all homes so that owners, tenants and prospective buyers can make informed decisions about energy costs and carbon emissions. City Council originally adopted this action in the 2009 Climate Action Plan and reaffirmed commitment to it with the Climate Action Plan update in June 2015.

Ratings, labels and scores are a regular part of how we communicate information. We consult miles-per-gallon ratings on cars, nutrition labels on food, and Energy Guide labels on appliances to make informed consumer decisions. However, consumer labeling for homes is inconsistent and unavailable in most real estate markets. Of Portland's 160,000 single-family homes, less than two percent have an energy score.

In 2009, the Oregon Legislature established a voluntary framework for home energy scoring. In 2013, additional legislation created licensing and training for certified professionals who can assess homes and produce scores. In 2015, these contractors delivered about 600 home energy scores to homeowners in Portland, mostly through programs offered by Energy Trust of Oregon and Enhabit (formerly Clean Energy Works). The average cost of a home energy score is \$150 to \$250.

Voluntary efforts to date are a step in the right direction; however, we cannot achieve the 2015 Climate Action Plan goal to reduce carbon emissions 80 percent by 2050 unless we significantly accelerate energy efficiency and renewable energy activities in the residential sector. Residential buildings contribute nearly half of the emissions from buildings.

The commercial buildings market has been quicker to adopt energy disclosure. In 2015, Portland City Council adopted mandatory energy benchmarking and disclosure for large commercial buildings. By April 2017, 80 percent of Portland's commercial building square footage will be reporting energy performance. The proposed Home Energy Score Program is a companion to the commercial policy.

Local government plays a critical role in making it easier for people to save energy, protect against rising energy prices in the future and reduce carbon pollution. The Bureau of Planning and Sustainability seeks to accelerate market adoption of this practice by requiring the disclosure of a U.S. Department of Energy Home Energy Score and an energy performance report before listing a home for sale in the City of Portland. Requiring home energy scores is one of the few policy tools the City has available to catalyze change in the residential sector. Home energy scores are a market-based solution for conveying previously unknown but critical information to both buyers and sellers of homes.

### Financial and budgetary impacts:

No new expenses are authorized by the legislation.

No new positions will be created by this legislation. BPS plans to implement the policy with existing staff and partnerships with industry stakeholders. On an ongoing basis, BPS expects implementation to require no more than one full-time employee (1 FTE).

#### Community impacts and community involvement:

## Benefits to the Community

This legislation will provide direct benefits to homeowners in Portland by providing information on money-saving home improvements. The legislation provides benefits for homeowners and homebuyers.

The policy benefits home sellers by identifying money-saving home improvements and by enabling them to recoup investments they have made in energy efficiency at time of sale.

The policy benefits homebuyers by providing better insight into the full costs of owning a home and the ability to compare energy costs and performance between homes on the market. Home energy scores also provide new homebuyers with advance knowledge of potential home improvements before purchase and access to specialized energy efficiency mortgage products.

Beyond lower energy bills and greater housing affordability, energy-efficient homes are more comfortable and livable. The indoor air quality of these homes is better, leading to healthier lives. Home energy scores afford consumers a measure of protection when making one of the biggest financial investments most people ever make. Energy efficiency remains a highly cost-effective strategy to keep housing affordable and durable over the long-term.

This legislation will have a small impact on homeowners in Portland who are selling their homes. Sellers would be required to obtain a home energy assessment at a cost of about \$150-\$250. Sellers would be required to disclose the results to the City and to prospective buyers before listing their home for sale.

#### **Stakeholder Engagement**

BPS developed this legislation in consultation with a range of stakeholders and considered a plurality of perspectives in crafting the policy. This included public

feedback on analysis, alternatives, and decisions through two consumer focus groups, two facilitated discussion groups with industry stakeholders, an equity stakeholder group, two public comment periods, individual meetings with specific stakeholder groups and a public meeting held in September 2016.

Public involvement included representation from:

- the real estate industry and associated professions, including MLS and appraisers
- home mortgage lenders and financers
- home builder industry association
- home ownership organizations
- organizations representing communities of color, tenants
- organizations representing homeowners with low, moderate or fixed incomes.
- energy efficiency/home performance contractors
- energy efficiency program implementers and practitioners
- affordable housing advocates and program implementers
- Northwest Natural
- Energy Trust of Oregon
- home scoring software providers
- Portland Housing Bureau
- Oregon Department of Energy
- other local governments
- homeowners/consumers with recent experience in the real-estate market

Public involvement with the real estate industry helped to shape a number of key aspects of this policy. In initial industry stakeholder meetings, Realtors expressed concern about regulation on their business practices and as a result, BPS is not placing the burden of compliance on realtors, but rather on the home seller. The public comment draft of the policy included language that any agent designated to act on behalf of the property owner would be subject to the requirements as a seller. As a result of public comment that this would implicate Realtors, BPS removed this language.

In addition, real-estate interest groups have raised concerns about impacts on sellers on fixed income, like seniors or people with disabilities. These concerns are addressed through the proposed exemptions that directly protect vulnerable sellers and buyers.

Energy efficiency and environmental groups see this legislation as a key to low carbon market transformation and are broadly supportive. BPS worked with energy efficiency industry stakeholders and public agencies like Energy Trust of Oregon and Oregon Department of Energy to develop a policy in alignment with existing policies and programs. Many of these stakeholders are looking to Portland to provide a model framework for other jurisdictions.

### **Equity Analysis**

The equity stakeholder group included individuals and organizations representing communities of color, homeowners with low, moderate, or fixed incomes and tenants. The equity stakeholder group cautioned about rising rents and low vacancy rates in Portland's rental market, increasing risks for low- and moderate-income tenants. Specifically, stakeholders expressed concerns about landlords passing on the costs of energy assessments to tenants, potentially exacerbating problems with rising rates of eviction and displacement. As a result of stakeholder feedback, BPS is not proposing a requirement for landlords to obtain a home energy score at time of lease.

However, equity advocates also recognize the benefits energy efficiency delivers to tenants and low-income homeowners by reducing the amount they pay each month in energy bills, improving indoor air quality and reducing street noise. Energy-efficient homes are quieter, healthier and more comfortable. BPS intends to continue to work with stakeholders to better understand the dynamics in the single-family rental market.

In addition, equity advocates representing low-income homeowners, communities of color and seniors cautioned about the ability of these stakeholders to comply with the proposed requirements in difficult financial or legally complex transactions. In response to these concerns, BPS is proposing a few key exemptions and deferrals.

#### **Exemptions and Deferrals**

While experience in other cities suggests that Portland should be cautious of providing too many exemptions or other "off-ramps," there are certain transactions for which the policy does not make sense. Exemptions are proposed for transactions that are legally complicated or that would pose undue hardship for the seller. The legislation also provides some leeway for the Director of the Bureau of Planning and Sustainability to determine additional hardships.

Proposed exemptions include:

- foreclosure sales;
- trustee's sales;
- deed-in-lieu of foreclosure sales;
- pre-foreclosure;
- sales in which seller has reached an agreement with the mortgage holder to sell the property for an amount less than the amount owed on the mortgage ("short sales");
- when the property qualifies for sale at public auction or acquisition by a public agency due to arrears for property taxes;
- when a court appointed receiver is in control of the asset due to financial distress
- when a senior mortgage is subject to a notice of default;
- when a covered building has been approved for participation in Oregon Property Tax Deferral for Disabled and Senior Citizens, or equivalent program as determined by the Director.

During the public comment period, BPS received many comments that voiced concern over how the requirement may affect low-income sellers. As a result, BPS is proposing an alternative compliance pathway for low-income qualified sellers that may not meet the conditions outlined above: a low income seller deferral. Sellers may seek to defer the requirement if the seller:

- Demonstrates household income is at or below 60 percent of median household income;
- Has been approved for participation in Oregon Low-Income Home Energy Assistance Program, or;
- Has been approved for participation in Free and Reduced Price Meals through Oregon Department of Education.

The low-income seller deferral allows a low-income qualified seller to defer policy compliance to the buyer. The buyer would be required to comply within four months of the original sale date. Should the buyer prove to be income-qualified as well, BPS is recommending that the buyer be exempt from compliance.

## **New Construction Market**

During public involvement, homebuilders raised concerns about how to comply given the fact that they often list their homes for sale before the home is built. Based on this feedback, BPS considered exempting new construction homes from this legislation. However, after research into energy costs, BPS found that energy costs can vary significantly between a code-built new home and a high performance new home. This demonstrates that there is a still a need for disclosure of energy information even in the new construction sector. To address concerns, BPS has created an alternative pathway for homebuilder compliance. New homebuilders may have a score produced based on design documents, rather than on onsite inspection. This type of "desk review" costs even less than an onsite energy assessment.

Through public involvement, BPS also considered concerns raised by homebuilders currently building high performance new homes and using Energy Performance Score (EPS) or Home Energy Rating Systems (HERS). These builders have already gone beyond code and their homes achieve greater energy performance, conveyed through other energy scoring products. BPS is proposing to temporarily waive the requirement to use State-compliant software and scoring products until the industry makes a full transition to the U.S. Department of Energy Home Energy Score tool.

## **Budgetary Impact Worksheet**

#### Does this action change appropriations?

**YES**: Please complete the information below. **NO**: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount
				*			