

## IMPACT STATEMENT

**Legislation title:** \*Authorize City participation in the U.S. Department of Energy's Home Energy Score program to implement Portland's residential energy performance rating and disclosure requirement. (Ordinance)

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**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 have been a step in the right direction, but are not sufficient to achieve the 2015 Climate Action Plan goal to reduce carbon emissions 80 percent by 2050. To accelerate energy efficiency and renewable energy activities in the residential sector, the City of Portland established the Home Energy Score program (Ordinance No. 188143) in December 2016. This program requires disclosure of energy performance ratings for residential single family buildings that are listed for sale on or after January 1, 2018.

To implement the City's Home Energy Score program, the City of Portland is entering into a partnership agreement with the U.S. Department of Energy (DOE). Through this agreement, the City will have access to DOE's Home Energy Scoring Tool as well as support services from DOE that include data analysis, training and outreach materials, technical assistance, quality assurance standards for home energy assessors. In turn, the City commits to a set of responsibilities including but not limited to testing and certification requirements, development of an implementation plan, and program evaluation.

**Financial and budgetary impacts:**

No new expenses are authorized by the legislation.

No new positions will be created by this legislation. BPS is launching the program to implement the adopted 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:**

DOE's Home Energy Scoring tool, informational materials and ongoing technical support will provide direct benefits to homeowners and homebuyers in Portland. Money-saving home improvements will be identified in each report, enabling sellers to recoup investments they have made in energy efficiency at time of sale. Homebuyers will gain 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 will 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.

BPS developed the Home Energy Score program 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.

Energy efficiency and environmental groups see the Home Energy Score program as a key to low carbon market transformation and continue to be broadly supportive. BPS worked with energy efficiency industry stakeholders and public agencies like Energy Trust of Oregon, Oregon Department of Energy, and DOE to develop the policy in alignment with existing policies and programs. Many of these stakeholders are looking to Portland to provide a model framework for other jurisdictions. These stakeholders will continue to be involved as Administrative Rules are developed in 2017.

**Equity Analysis**

An equity stakeholder group was enlisted to provide guidance and input to staff in the development of the Home Energy Score program. This group included individuals and organizations representing communities of color; homeowners with low, moderate, or fixed incomes.

Equity advocates recognized 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. The Home Energy Score tool, which will be available to the City of Portland through this Partnership Agreement, will enable low income homeowners access to an easy to use mechanism to understand the energy performance of homes and to anticipate the annual energy costs of a given home.

**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