

# **BUILDINGS: Rentals & Other Existing Housing Policies**

New Mexico Energy Summit  
August 5, 2019







# Today's Agenda

## Welcome & Introductions

### Part 1: Residential Energy Disclosure

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

- - - *Break (15 min)* - - -

### Part 2: Residential Efficiency Standards

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

Moving Forward



# Your Presenters

---



**Alisa Petersen**

[apetersen@rmi.org](mailto:apetersen@rmi.org)



**Greg Hopkins**

[ghopkins@rmi.org](mailto:ghopkins@rmi.org)



**Cindy Zhu**

[cindy.zhu@ee.doe.gov](mailto:cindy.zhu@ee.doe.gov)





# Ground Rules

---

- **Confidentiality:** please don't quote participants outside of the workshop
- **Democracy of time:** please make room for equal participation from all
- **Be present:** no phones or computers out; please stay engaged and collaborative
- **Industry expectation:** please don't sell products/services (instead share technical expertise / guidance as requested by local government representatives)



# Check-In

---

## Prompt:

Your name, role, and  
**1 phrase/sentence max** on  
what you're hoping to learn  
today?



# Check-In

---



## Show of Hands:

How familiar are you with  
residential energy  
policies for single- or  
multifamily buildings?



# Objectives

---

- **For the Energy Summit:**
  - Provide technical assistance and action planning resources to support the goals of New Mexico's Energy Transition Act
- **For today's Buildings session:**
  - Introduce participants to the fundamentals of residential energy disclosure and efficiency standards, and engage in policy hypothesizing
- **For your Policy Blueprints:**
  - Equip participants with a takeaway resource to start the process of developing and discussing policy options with local stakeholders

# Filling in your Policy Blueprints (handout)

- **WHAT:** Template for you to start filling out an initial policy hypothesis for your jurisdiction, based on today's content
- **WHY:** To frame and anchor initial stakeholder conversations locally, to test assumptions and collect feedback
- **WHEN:** Complete page 1 during Part 1, and page 2 during Part 2 of the session; we will provide more resources post-Summit

**RESIDENTIAL ENERGY DISCLOSURE**  
**Initial Policy Blueprint**

*Instructions: To start developing a policy hypothesis, please fill in all blanks and check the appropriate boxes to make selections that can anchor conversations with relevant stakeholders; **bolded options** are recommended as best practice.*

**1) Set Goals**

The success of the residential energy disclosure policy will be measured against the following goals, among others:

- Inform residents about home energy performance, expected energy costs, and cost-effective improvements
- Achieve \_\_\_% residential energy / carbon savings by 20\_\_\_ vs \_\_\_
- Drive \_\_\_% of labeled homes to perform retrofits in years 1-3, and \_\_\_% thereafter

This policy will be implemented on the following timeline:

- Policy passed: \_\_\_\_\_ 20\_\_\_
- Policy effective: \_\_\_\_\_ 20\_\_\_
- Compliance required: \_\_\_\_\_ 20\_\_\_

**2) Choose Policy Parameters**

The policy should account for local context (e.g. legal authority, housing market, supporting policies/resources, etc.)

**Disclosed Information:**

Home energy performance will be disclosed in the form of: ☐ **asset ratings** ☐ operational data (i.e. past utility bills)

**Rating System (for asset ratings only):**

Home energy performance will be assessed using:

- ☐ Department of Energy's Home Energy Score (HES).
- ☐ RESNET's Home Energy Rating System (HERS).
- ☐ Local/regional/custom energy rating tool identified here: \_\_\_\_\_

Home energy information will be disclosed through (select all): ☐ multiple listing service (MLS),  
☐ real estate agents, ☐ real estate portals, ☐ seller open houses, ☐ city/county website,  
☐ section of standard lease form, ☐ other channels: \_\_\_\_\_

**Trigger Event:**

Home energy disclosure will be triggered at: ☐ **time of listing** ☐ time of sale (i.e. at closing)  
☐ time of rental ☐ other trigger(s): \_\_\_\_\_

**Compliance:**

The policy / program will be: ☐ **mandatory** ☐ voluntary (for \_\_\_ months until mandatory) ☐ voluntary

*Note: No jurisdiction has been fully successful at creating a voluntary market based only on consumer demand for labels.*

For mandatory policies, non-compliance will result in: ☐ **fines**, ☐ inability to rent property ☐ other

**3) Engage Stakeholders**

RMI has developed additional tools and materials to facilitate stakeholder engagement, including an impact calculator for this policy, stakeholder mapping tool, 1-page policy overview flyer, and a more comprehensive blueprint template (incorporating sections for understanding your local context and improving equity outcomes).

If you're interested in accessing these resources, please email Greg Hopkins at [ghopkins@rmi.org](mailto:ghopkins@rmi.org).



# Today's Agenda

Welcome & Introductions

## Part 1: Residential Energy Disclosure

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

- - - Break (15 min) - - -

## Part 2: Residential Efficiency Standards

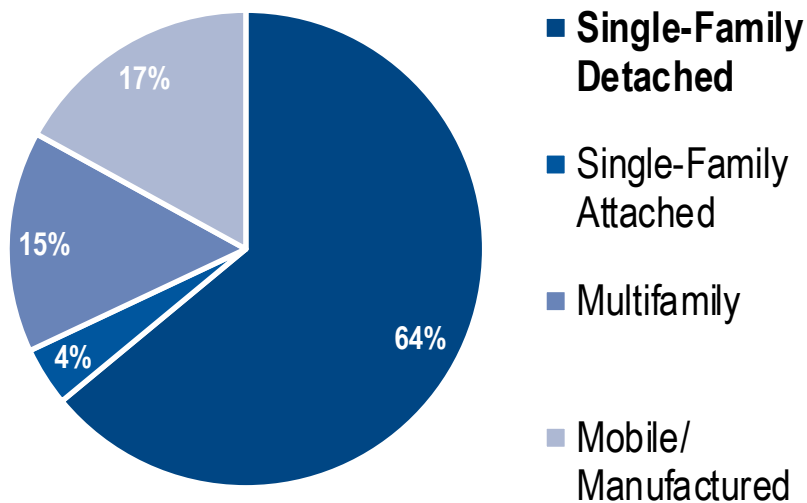
- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

Moving Forward

# New Mexico's housing stock

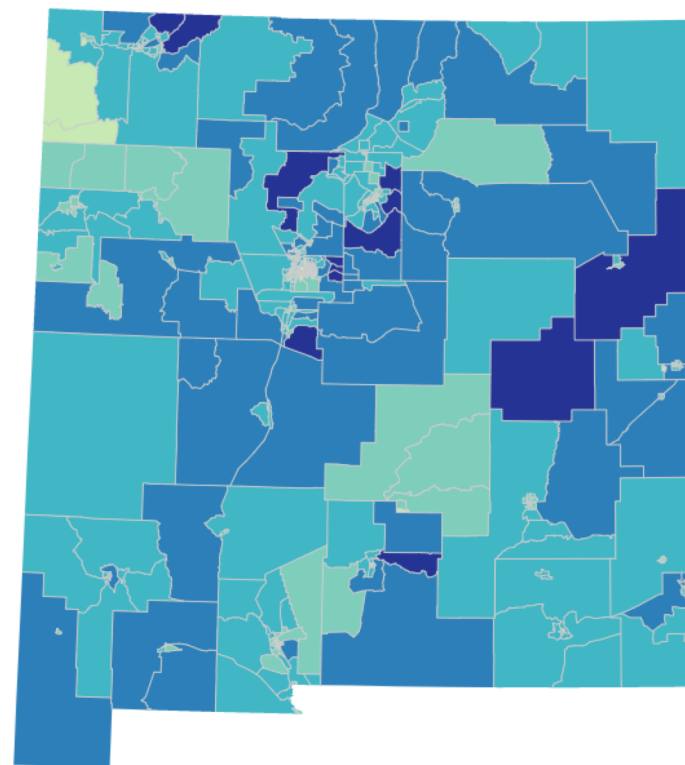
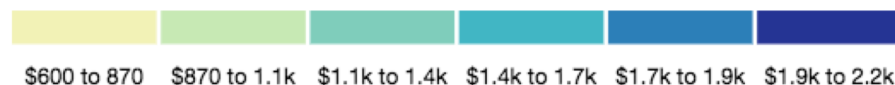
## 944,000 Housing Units

- 68% owner-occupied
- 32% rented



Sources: US Census Bureau, [DOE's Low-Income Energy Affordability Data \(LEAD\) Tool](#)

## Annual Energy Costs



# Two categories of residential energy disclosure

---

## 1. Home Energy Labels:

Requiring owners of **single-family** (1-4 unit) homes to disclose home energy performance information to (prospective) buyers and/or renters

## 2. Benchmarking:

Requiring owners of **multifamily** properties (typically above a size threshold) to annually disclose energy consumption data to government, buyers, and/or renters

We will cover both categories but focus more on **home energy labels**, given that only 15% of NM's housing stock is multifamily and that benchmarking involves less variation.



# Which home will have the lowest energy costs?





# Which home will have the lowest energy costs?

**The Problem:** This answer is invisible to prospective home buyers and renters in New Mexico today.

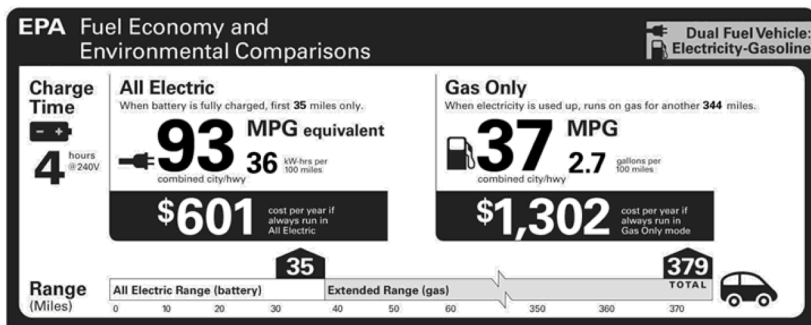
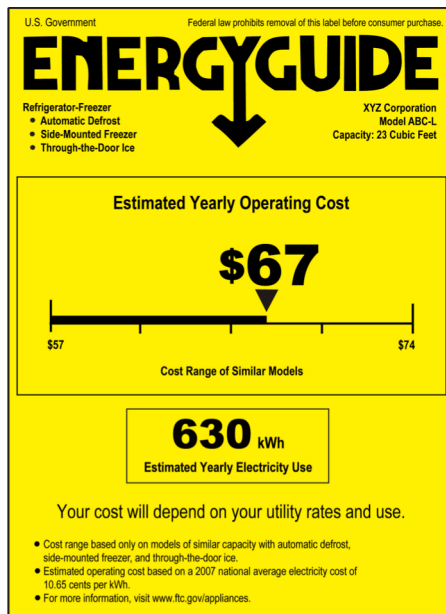




# Consumers need labels for what they can't see

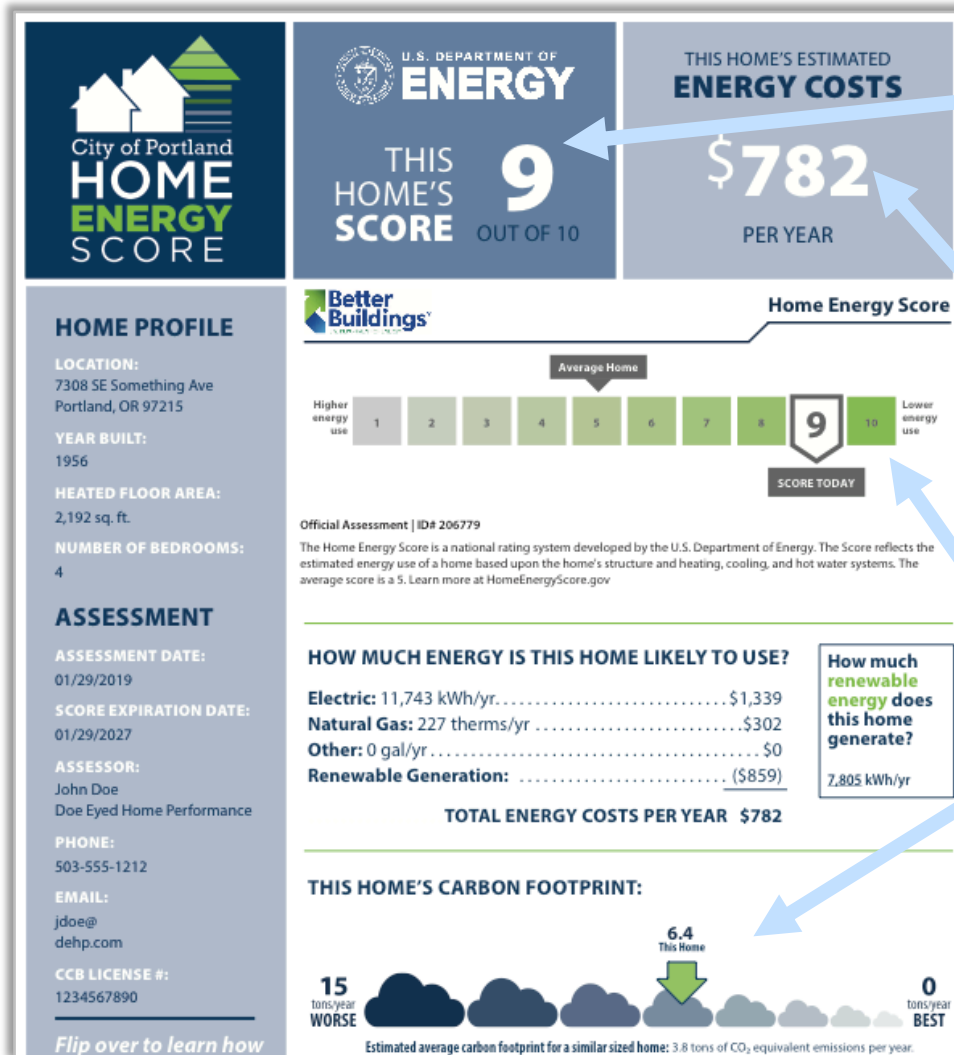
Nutrition Facts	
8 servings per container	
Serving size	2/3 cup (55g)
Amount per serving	
<b>Calories</b>	<b>230</b>
% Daily Value*	
<b>Total Fat</b> 8g	<b>10%</b>
Saturated Fat 1g	<b>5%</b>
Trans Fat 0g	
<b>Cholesterol</b> 0mg	<b>0%</b>
<b>Sodium</b> 160mg	<b>7%</b>
<b>Total Carbohydrate</b> 37g	<b>13%</b>
Dietary Fiber 4g	<b>14%</b>
Total Sugars 12g	
Includes 10g Added Sugars	<b>20%</b>
<b>Protein</b> 3g	
Vitamin D 2mcg	<b>10%</b>
Calcium 260mg	<b>20%</b>
Iron 8mg	<b>45%</b>
Potassium 235mg	<b>6%</b>

\* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.





# Home energy labels inform potential renters/buyers about:

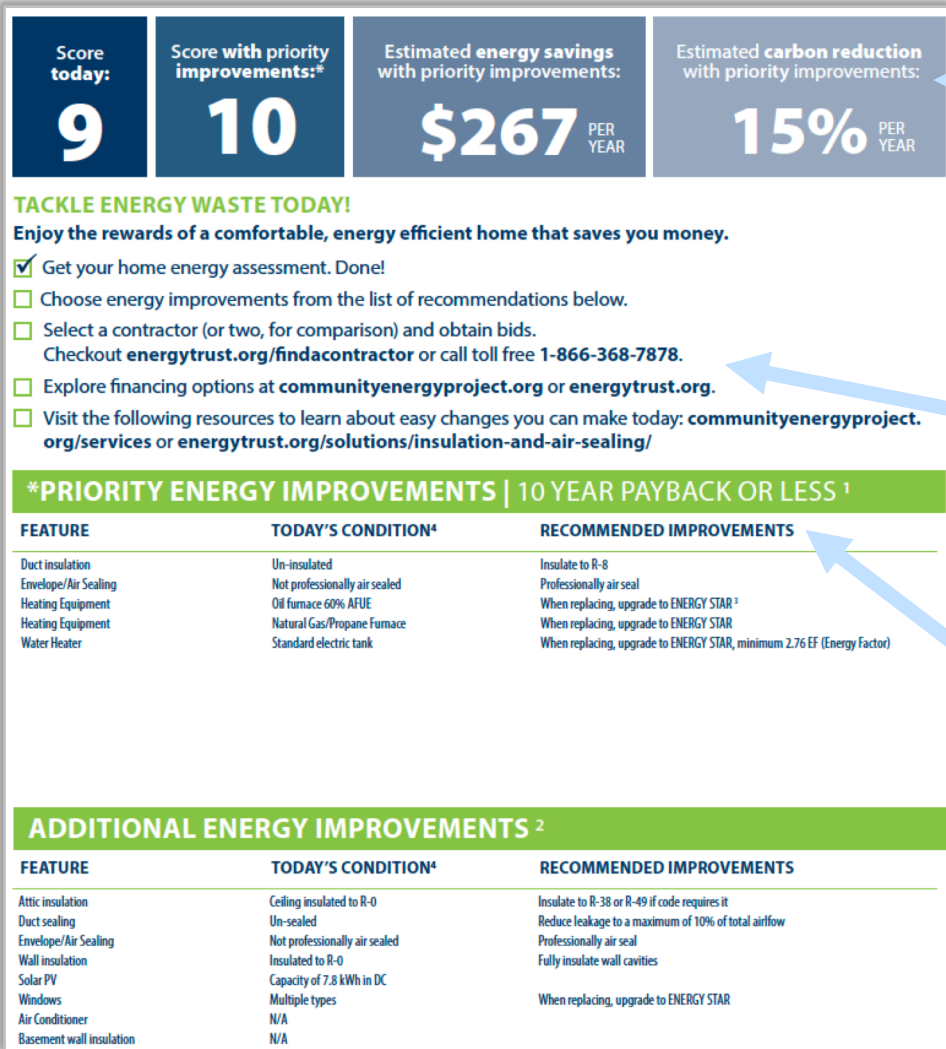


Overall energy efficiency and performance

Estimated energy costs, for comparison and budgeting

Simple visuals showing how home compares in terms of energy and carbon

# Home energy labels inform potential renters/buyers about:



Score and savings possible with priority improvements

Links to contractors and financing options for improvements

Recommendations for cost-effective improvements to prioritize

# Key Policy Benefits

---



## Consumer Protection

Information transparency for major purchasing decisions and ongoing occupancy costs, reducing risk especially for lower-income households; “right to know”



## Economic Development

Job creation (e.g. assessors, contractors), better functioning real estate marketplace, local reinvestment of savings, higher quality building stock



## Community Development

Empower low-income households to identify and address energy burdens upfront; data collected can guide future policies and programming



## Climate Action

Increased consumer awareness around this issue; foundation to drive improvements in the residential sector towards carbon goals (12%-22% retrofit conversion rates)



# Today's Agenda

Welcome & Introductions

## Part 1: Residential Energy Disclosure

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

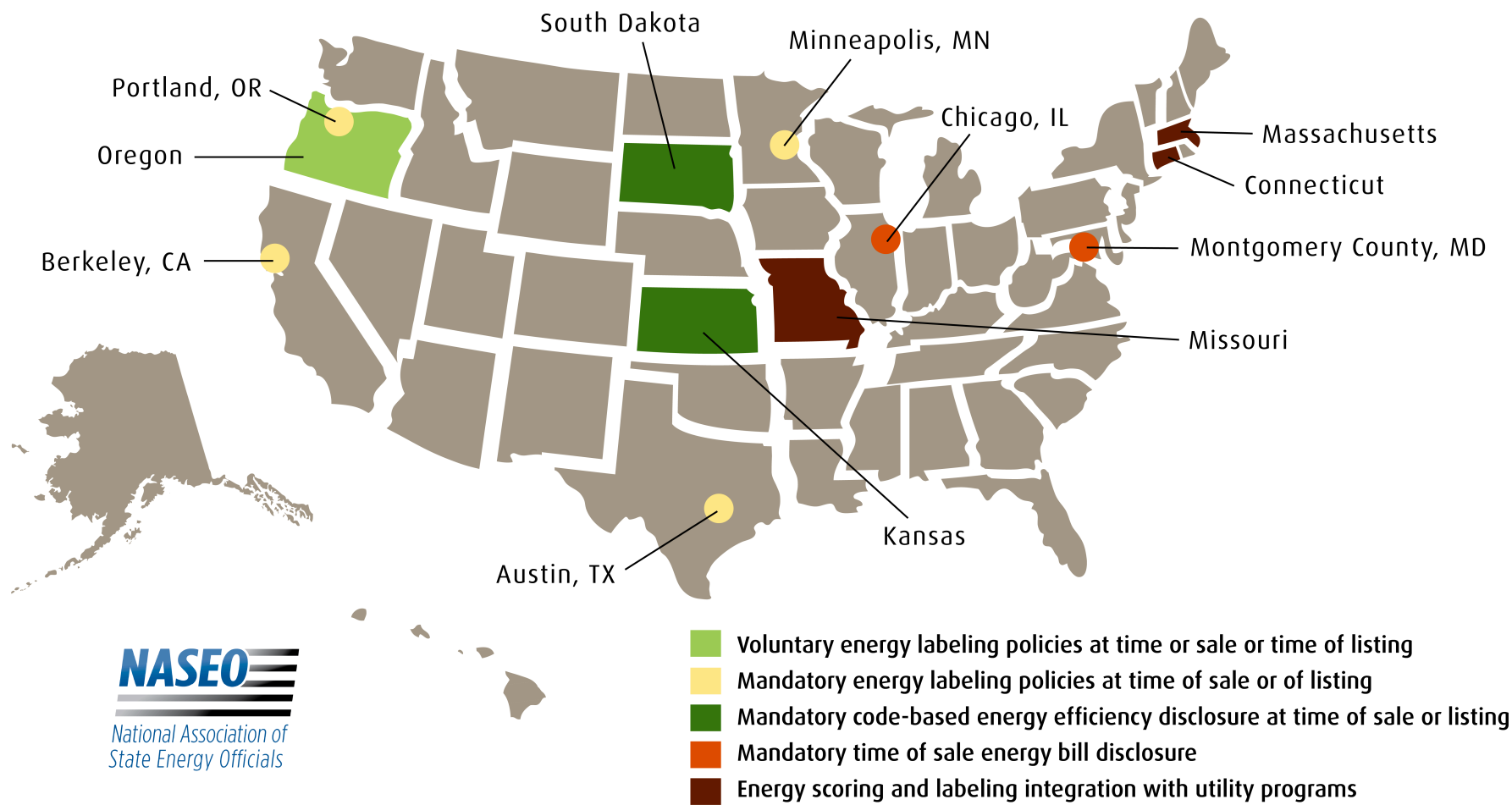
- - - Break (15 min) - - -

## Part 2: Residential Efficiency Standards

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

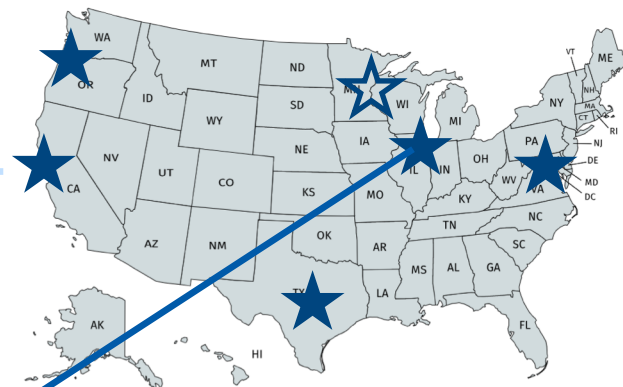
Moving Forward

# Single-family disclosure policies in states/cities/counties



# Single-Family Disclosure

Chicago requires utility bill disclosure and makes this info available in the MLS (encouraged, not required)



## Chicago, IL

### Effective:

1987 / 2013

### Trigger:

Time of Sale & Rental

### Information:

Operational (past 12 months gas and electricity\* bills)

### Enforcement:

Mandatory

### Exempt:

N/A

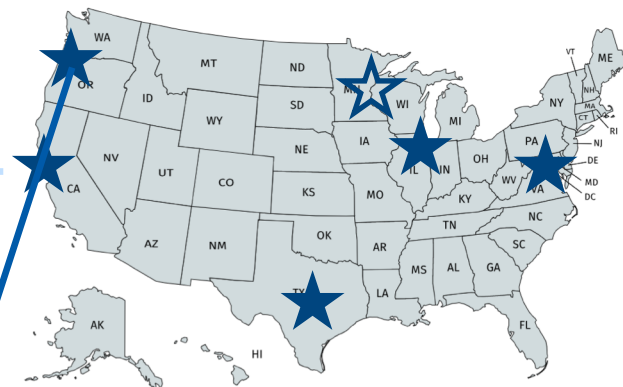
### Notes:

Utilities provide info at no cost to owners; city, MLS, and utilities to develop web portal that also provides upgrade recs and resources in listings

\* Electricity disclosure required only for sales (not rentals)

# Single-Family Disclosure

Portland's Home Energy Score program incorporates best practices from US and international examples



## Portland, OR

**Effective:**

2018

**Trigger:**

Time of Listing

**Information:**

Asset (HES)

**Enforcement:**

Mandatory

**Exempt:**

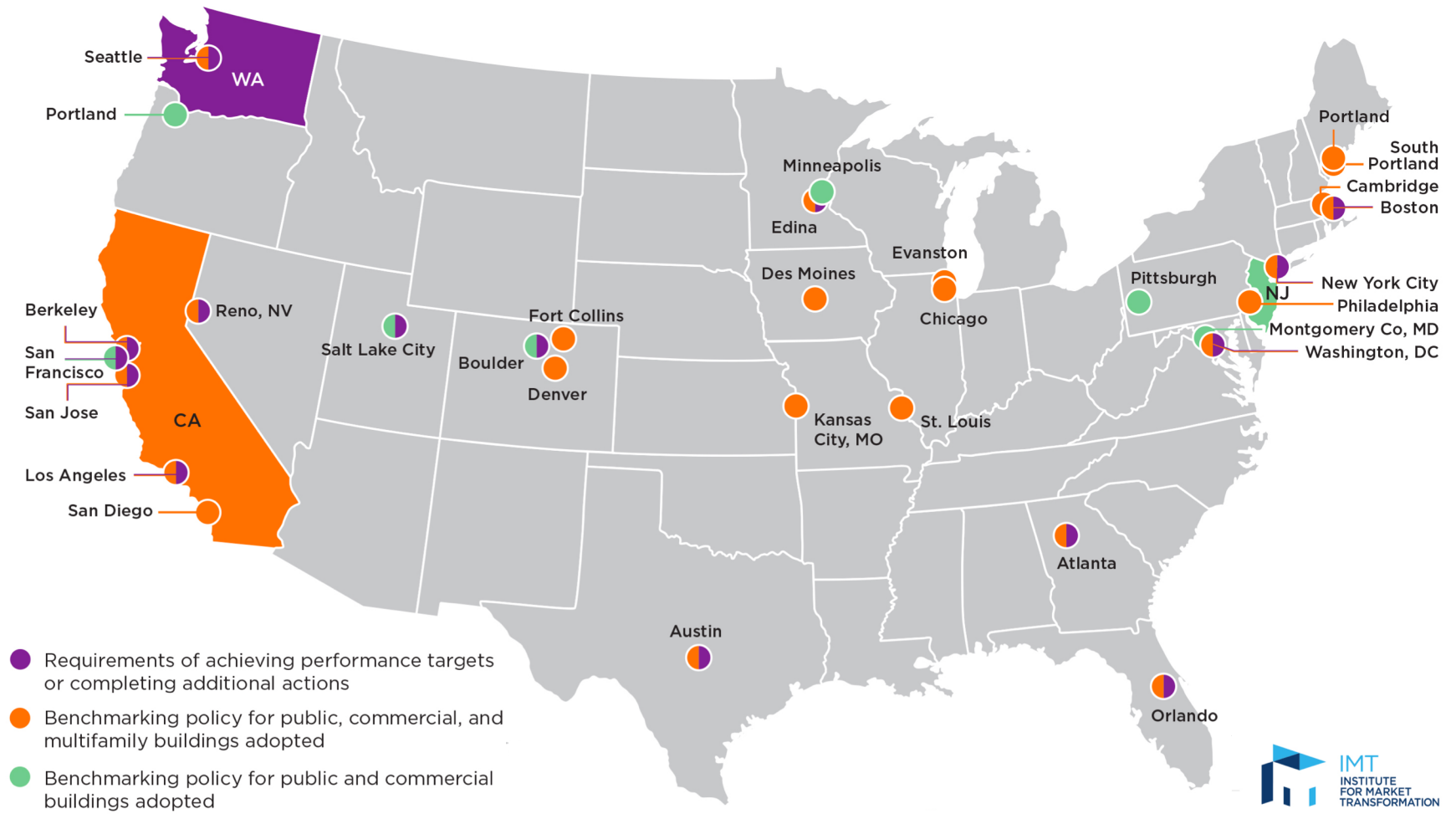
Mobile, manufactured, stacked units; distressed sales; newly built homes that meet performance requirements

**Notes:**

All listings include the HES (MLS, Redfin, Zillow, Trulia); linked to utility incentives & contractors and to financing products (FHA, GSEs) to drive upgrades



# Multifamily benchmarking policies in states/cities/counties



# Single- and Multifamily Disclosure

Minneapolis passed 3 residential energy disclosure policies at once in February 2019 (including benchmarking, not reflected below)



## Minneapolis, MN

### Effective:

2020 & 2021

### Trigger:

Time of Listing & Rental

### Information:

Asset (rating/upgrades at listing) & Operational (avg energy cost per SF at rental)

### Enforcement:

Mandatory

### Exempt:

<600 SF, attached condos, qualified high performance

### Notes:

Integrated with already-required TISH\* inspections/reports (done prior to listing), reducing cost and complication

\* Truth in Sale of Housing ordinance

# Initial Goal Setting Time / Q&A



**RESIDENTIAL ENERGY DISCLOSURE**  
**Initial Policy Blueprint**

*Instructions: To start developing a policy hypothesis, please fill in all blanks and check the appropriate boxes to make selections that can anchor conversations with relevant stakeholders; bolded options are recommended as best practice.*

**1) Set Goals**

The success of the residential energy disclosure policy will be measured against the following goals, among others:

- Inform residents about home energy performance, expected energy costs, and cost-effective improvements
- Achieve \_\_\_\_% residential energy / carbon savings by 20\_\_\_\_ vs \_\_\_\_
- Drive \_\_\_\_% of labeled homes to perform retrofits in years 1-3, and \_\_\_\_% thereafter

This policy will be implemented on the following timeline:

- Policy passed: \_\_\_\_ 20\_\_\_\_
- Policy effective: \_\_\_\_ 20\_\_\_\_
- Compliance required: \_\_\_\_ 20\_\_\_\_

**2) Choose Policy Parameters**

The policy should account for local context (e.g. legal authority, housing market, supporting policies/resources, etc.)

**Disclosed Information:**

Home energy performance will be disclosed in the form of: ☐ asset ratings ☐ operational data (i.e. past utility bills)

**Rating System (for asset ratings only):**

Home energy performance will be assessed using:

- ☐ Department of Energy's Home Energy Score (HES)
- ☐ RESNET's Home Energy Rating System (HERS)
- ☐ Local/regional/custom energy rating tool identified here: \_\_\_\_\_

Home energy information will be disclosed through (select all): ☐ multiple listing service (MLS), ☐ real estate agents, ☐ real estate portals, ☐ seller open houses, ☐ city/county website, ☐ section of standard lease form, ☐ other channels: \_\_\_\_\_

**Trigger Event:**

Home energy disclosure will be triggered at: ☐ time of listing ☐ time of sale (i.e. at closing)

☐ time of rental ☐ other trigger(s): \_\_\_\_\_

**Compliance:**

The policy / program will be: ☐ mandatory ☐ voluntary (for \_\_\_\_ months until mandatory) ☐ voluntary

*Note: No jurisdiction has been fully successful at creating a voluntary market based only on consumer demand for labels.*

For mandatory policies, non-compliance will result in: ☐ fines, ☐ inability to rent property ☐ other

**3) Engage Stakeholders**

RMI has developed additional tools and materials to facilitate stakeholder engagement, including an impact calculator for this policy, stakeholder mapping tool, 1-page policy overview flyer, and a more comprehensive blueprint template (incorporating sections for understanding your local context and improving equity outcomes).

If you're interested in accessing these resources, please email Greg Hopkins at [ghopkins@rmi.org](mailto:ghopkins@rmi.org).





# Today's Agenda

Welcome & Introductions

## Part 1: Residential Energy Disclosure

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

- - - Break (15 min) - - -

## Part 2: Residential Efficiency Standards

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

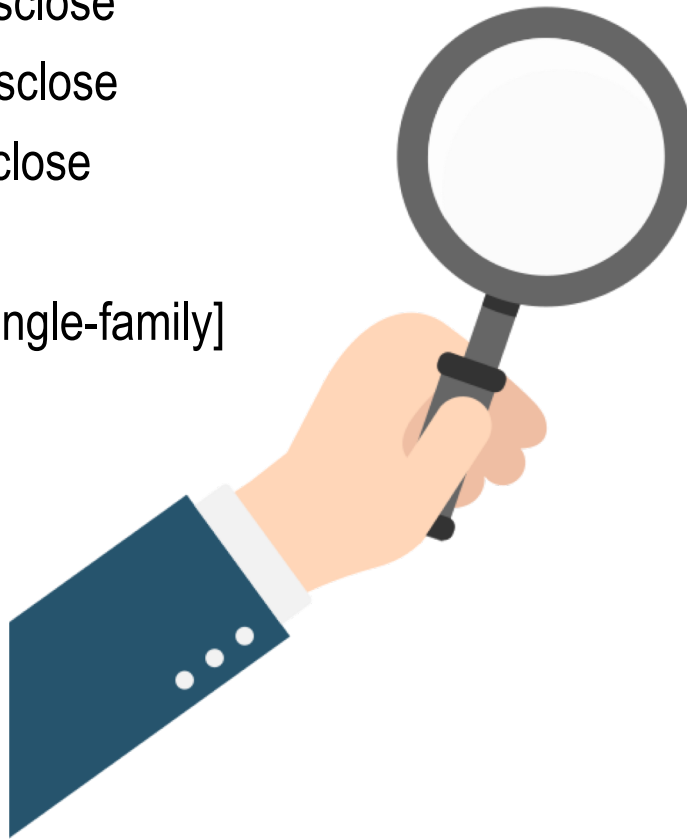
Moving Forward

# Selecting Initial Policy Parameters

This section will cover the primary options when it comes to:

- **WHAT** to disclose
- **WHEN** to disclose
- **HOW** to disclose

[Focusing on single-family]



**RESIDENTIAL ENERGY DISCLOSURE**  
**Initial Policy Blueprint**

*Instructions: To start developing a policy hypothesis, please fill in all blanks and check the appropriate boxes to make selections that can anchor conversations with relevant stakeholders; bolded options are recommended as best practice.*

**1) Set Goals**

The success of the residential energy disclosure policy will be measured against the following goals, among others:

- Inform residents about home energy performance, expected energy costs, and cost-effective improvements
- Achieve \_\_\_\_% residential energy / carbon savings by 20\_\_\_\_ vs \_\_\_\_
- Drive \_\_\_\_% of labeled homes to perform retrofits in years 1-3, and \_\_\_\_% thereafter

This policy will be implemented on the following timeline:

- Policy passed: \_\_\_\_ 20\_\_\_\_
- Policy effective: \_\_\_\_ 20\_\_\_\_
- Compliance required: \_\_\_\_ 20\_\_\_\_

**2) Choose Policy Parameters**

The policy should account for local context (e.g. legal authority, housing market, supporting policies/resources, etc.)

**Disclosed Information:**

Home energy performance will be disclosed in the form of: ☐ asset ratings ☐ operational data (i.e. past utility bills)

**Rating System (for asset ratings only):**

Home energy performance will be assessed using:

- ☐ Department of Energy's Home Energy Score (HES)
- ☐ RESNET's Home Energy Rating System (HERS)
- ☐ Local/regional/custom energy rating tool identified here: \_\_\_\_\_

Home energy information will be disclosed through (select all): ☐ multiple listing service (MLS), ☐ real estate agents, ☐ real estate portals, ☐ seller open houses, ☐ city/county website, ☐ section of standard lease form, ☐ other channels: \_\_\_\_\_

**Trigger Event:**

Home energy disclosure will be triggered at: ☐ time of listing ☐ time of sale (i.e. at closing)

☐ time of rental ☐ other trigger(s): \_\_\_\_\_

**Compliance:**

The policy / program will be: ☐ mandatory ☐ voluntary (for \_\_\_\_ months until mandatory) ☐ voluntary

*Note: No jurisdiction has been fully successful at creating a voluntary market based only on consumer demand for labels.*

For mandatory policies, non-compliance will result in: ☐ fines, ☐ inability to rent property ☐ other: \_\_\_\_\_

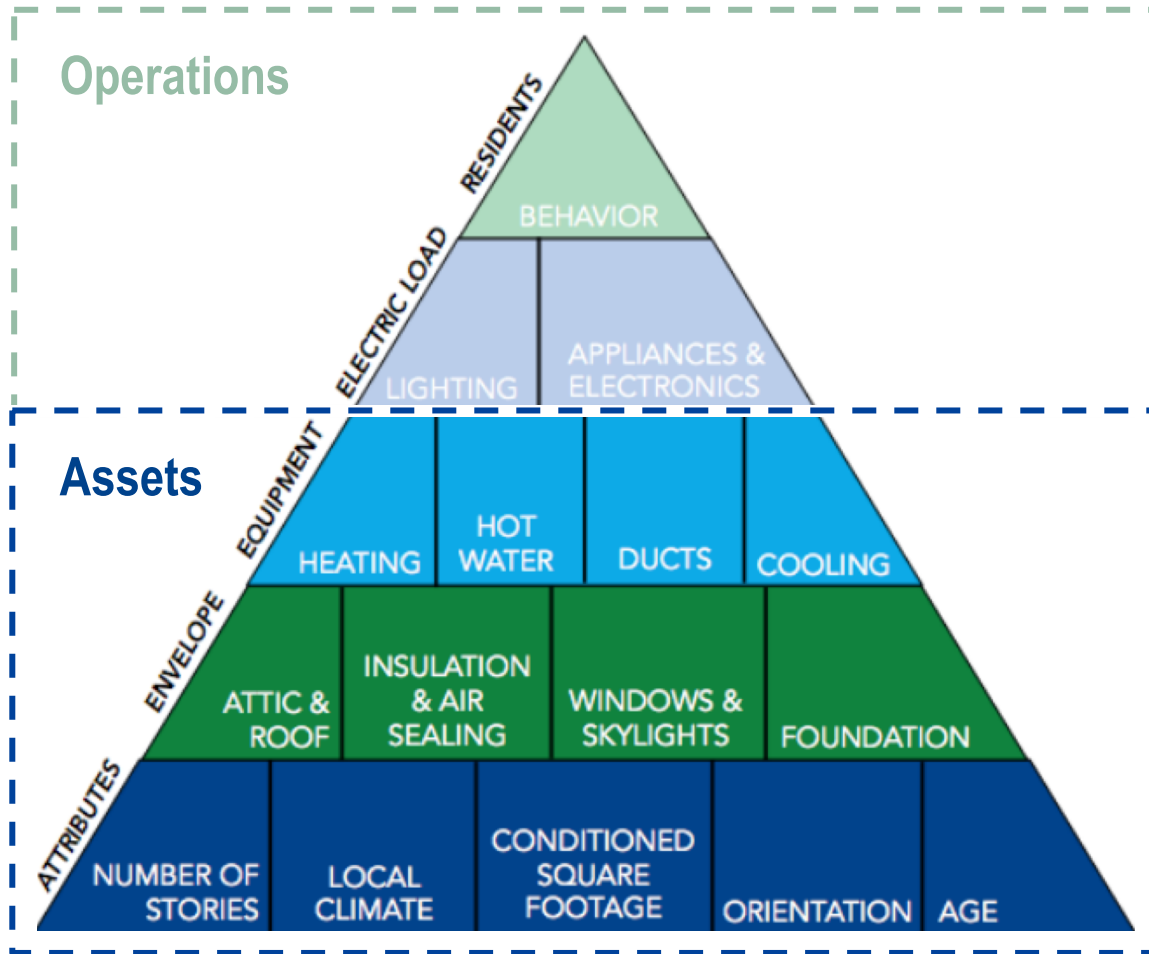
**3) Engage Stakeholders**

RMI has developed additional tools and materials to facilitate stakeholder engagement, including an impact calculator for this policy, stakeholder mapping tool, 1-page policy overview flyer, and a more comprehensive blueprint template (incorporating sections for understanding your local context and improving equity outcomes).

If you're interested in accessing these resources, please email Greg Hopkins at [ghopkins@rmi.org](mailto:ghopkins@rmi.org).



# What To Disclose: Operations vs Assets



2 primary methods to gauge and report energy performance:

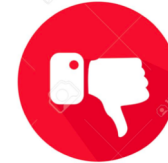
- **Operational data:** based on a property's actual utility bills from previous months
- **Asset ratings:** based on assessing a property's physical assets

# What To Disclose: Operational Data

Disclosure of a property's actual utility data (e.g. past 12 months); consumption and costs



- More familiar to consumers, so may be simpler and more readily understood
- Commonly used for multifamily benchmarking
- Can also be effective for single-family rental use cases (e.g. average utility costs per square foot)



- Not a reliable predictor of efficiency for single-family, since occupant behavior is a significant factor (and occupants change)
- Utility constraints / privacy concerns (e.g. signing releases) can slow down sale or lease process
- Does not include energy upgrade recommendations or comparable scores

# Introducing Portfolio Manager®



## Management Tool



Assess whole building energy and water consumption



Track green power purchase



Share/report data with others



Track changes in energy, water, greenhouse gas emissions, and cost over time



Create custom reports



Apply for ENERGY STAR certification

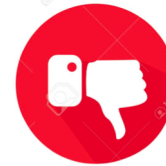
[https://www.energystar.gov/buildings/tools-and-resources/overview\\_portfolio\\_manager\\_presentation](https://www.energystar.gov/buildings/tools-and-resources/overview_portfolio_manager_presentation)

# What To Disclose: Asset Ratings

Disclosure of a home's energy rating and report, based on a professional on-site assessment of its physical energy assets (insulation, HVAC equipment, windows, etc.)



- More effective for use in real estate transactions because these energy assets transfer to new occupants
- Objective information, independent of occupant behavior, comparable
- Assessments provide actionable upgrade recommendations
- Generates a score for easy comprehension



- Requires building up a trained assessor workforce to ensure effective on-demand delivery across a market
- Less commonly used for multifamily buildings

# Check-In

---



## Show of Hands:

How many people are  
familiar with HES? HERS?

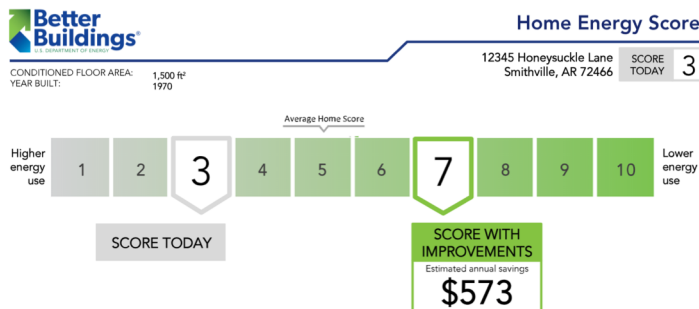


# What To Disclose: National Asset Rating Tools

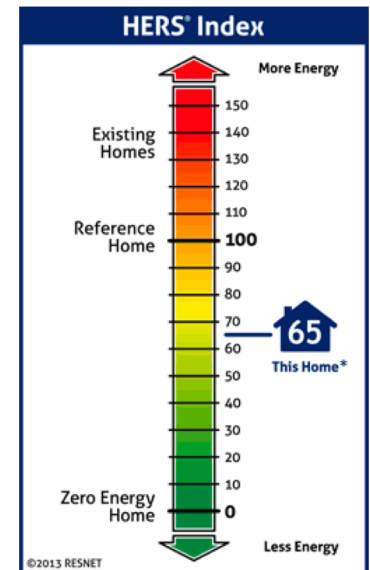
## U.S. DEPARTMENT OF ENERGY Home Energy Score



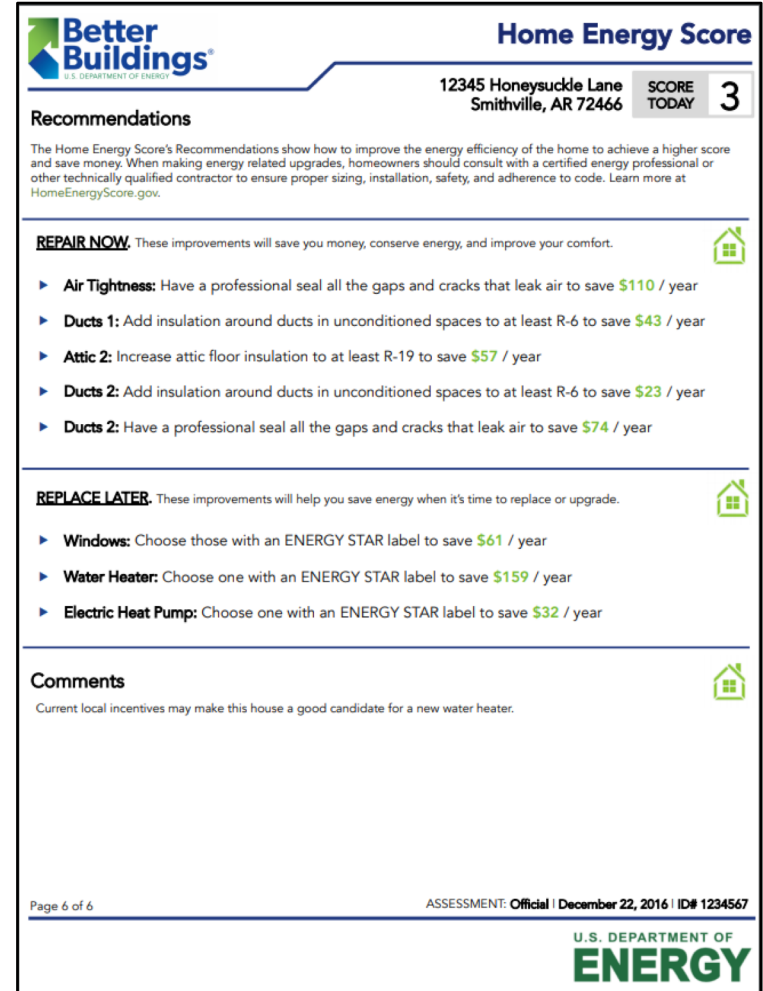
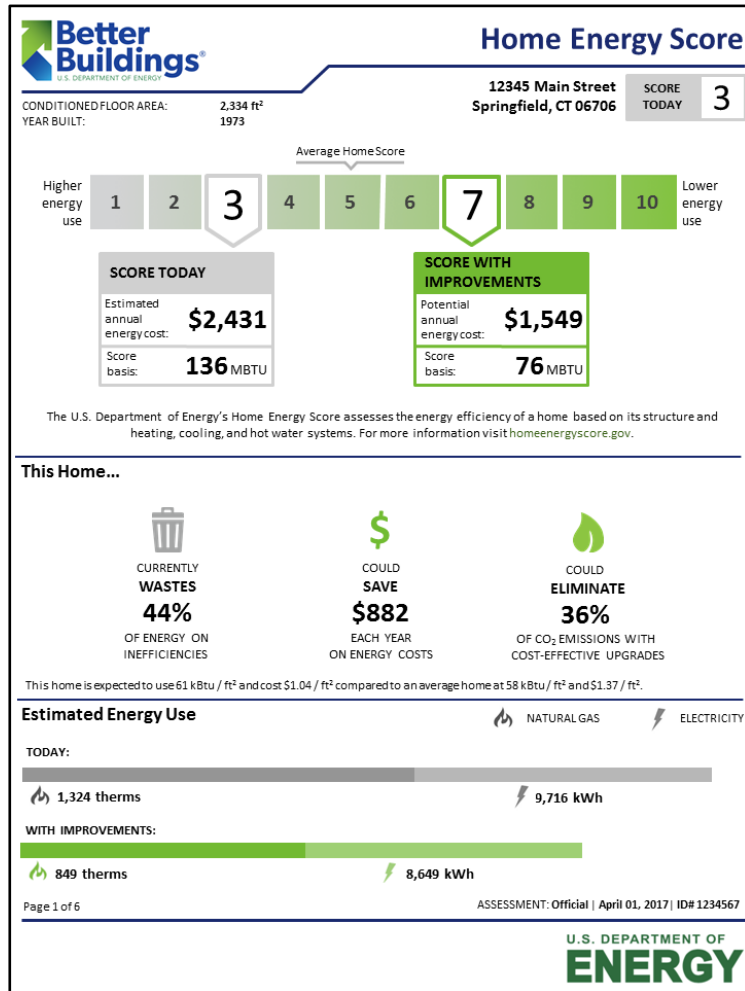
- Administered by US DOE
- Mostly existing homes
- 1-10 scale (as-is and as-improved scores)
- 1 hour assessments
- Assesses home energy use vs market
- \$100-\$300



- Administered by RESNET
- Mostly new construction
- 0-250 scale
- 2-4 hour assessments
- Assesses code compliance and green certification
- \$400-\$1,200



# Home Energy Score: Report Highlights



# Blueprint Work Time / Q&A

**RESIDENTIAL ENERGY DISCLOSURE**  
**Initial Policy Blueprint**

*Instructions: To start developing a policy hypothesis, please fill in all blanks and check the appropriate boxes to make selections that can anchor conversations with relevant stakeholders; **bolded options** are recommended as best practice.*

**1) Set Goals**

The success of the residential energy disclosure policy will be measured against the following goals, among others:

- Inform residents about home energy performance, expected energy costs, and cost-effective improvements
- Achieve \_\_\_% residential energy / carbon savings by 20\_\_\_ vs \_\_\_
- Drive \_\_\_% of labeled homes to perform retrofits in years 1-3, and \_\_\_% thereafter

This policy will be implemented on the following timeline:

- Policy passed: \_\_\_ 20\_\_\_
- Policy effective: \_\_\_ 20\_\_\_
- Compliance required: \_\_\_ 20\_\_\_

**2) Choose Policy Parameters**

The policy should account for local context (e.g. legal authority, housing market, supporting policies/resources, etc.)

**Disclosed Information:**  
Home energy performance will be disclosed in the form of: ☐ asset ratings  
☐ operational data (i.e. past utility bills)

**Rating System (for asset ratings only):**  
Home energy performance will be assessed using:  
☐ Department of Energy's Home Energy Score (HES).  
☐ RESNET's Home Energy Rating System (HERS).  
☐ Local/regional/custom energy rating tool identified here: \_\_\_\_\_

Home energy information will be disclosed through (select all): ☐ multiple listing service (MLS).  
☐ real estate agents, ☐ real estate portals, ☐ seller open houses, ☐ city/county website,  
☐ section of standard lease form, ☐ other channels: \_\_\_\_\_

**Trigger Event:**  
Home energy disclosure will be triggered at: ☐ time of listing ☐ time of sale (i.e. at closing)  
☐ time of rental ☐ other trigger(s): \_\_\_\_\_

**Compliance:**  
The policy / program will be: ☐ mandatory ☐ voluntary (for \_\_\_ months until mandatory) ☐ voluntary  
Note: No jurisdiction has been fully successful at creating a voluntary market based only on consumer demand for labels.  
For mandatory policies, non-compliance will result in: ☐ fines, ☐ inability to rent property ☐ other

**3) Engage Stakeholders**

RMI has developed additional tools and materials to facilitate stakeholder engagement, including an impact calculator for this policy, stakeholder mapping tool, 1-page policy overview flyer, and a more comprehensive blueprint template (incorporating sections for understanding your local context and improving equity outcomes).

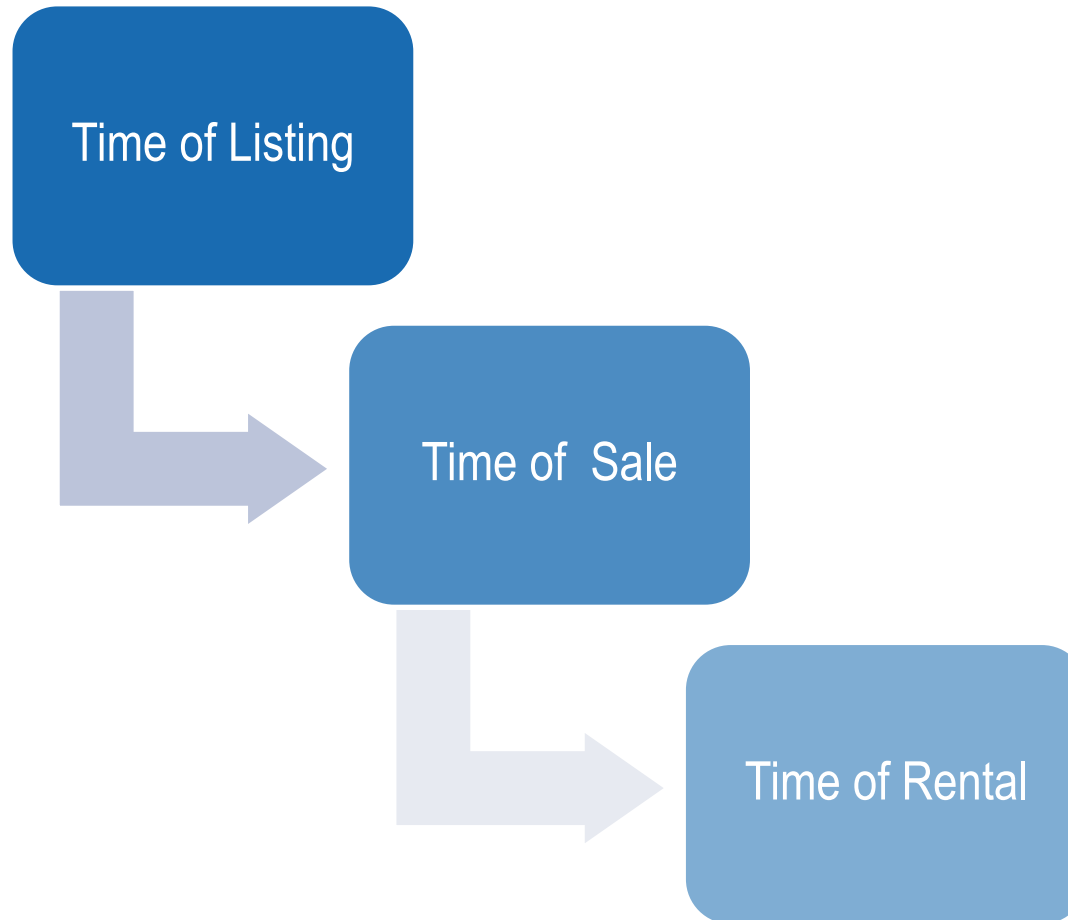
If you're interested in accessing these resources, please email Greg Hopkins at [ghopkins@rmi.org](mailto:ghopkins@rmi.org).





# When To Disclose: Trigger Events

---

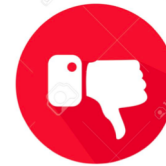


# When To Disclose: Time of Sale

Requiring home sellers to obtain a home energy assessment and disclose the report to the expected home buyer at or just before closing



- Can provide a direct link with utility program offerings (if done right) because there's an identified customer (the buyer) they can connect with
- Energy information at time of closing / beginning of a new homeownership cycle can increase the likelihood that upgrades are implemented (higher in year 1 than later in homeownership cycle)



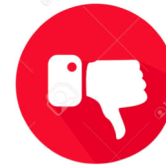
- Too late in the transaction process to wrap energy improvements into green mortgage products (Fannie, Freddie, FHA)
- Too late in the transaction process to allow prospective buyers to compare different homes and make informed decisions
- Too late in the transaction process to affect pricing

# When To Disclose: Time of Listing

Requiring home sellers to obtain a home energy assessment and disclose the report when listing their home for sale, making this information more actionable



- Provides information early enough to allow buyers to compare prospective homes (vs disclosure at time of sale/closing)
- Facilitates integration with mortgage process to finance energy improvements at low cost of capital (green mortgages)
- Does not interfere with or delay closings, mitigating some realtor concern
- Direct links to MLS; can support valuations



- Requires more coordination and follow-through to link ultimate home buyers to utility programs / offerings



# When To Disclose: Time of Rental

Requiring landlords to provide home energy information to prospective renters prior to lease agreement; can incentivize rental property owners to make improvements to stay competitive in the market



- Clarifies all-in occupancy costs and informs decision making for renters, often the most financially insecure households
- Easily linkable to annual rental licensing process, if in-place, to support compliance
- Facilitates minimum efficiency standards/upgrade requirements (more in Part 2)



- Cost of rating compliance can be concern for landlords vs TOS/TOL (when cost is dwarfed by other closing costs & sales proceeds)
- Only applies to rental portion of the market, which may be a minority of housing stock

# Check-In

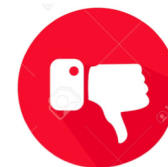
---

## **Jot Down & Discuss:**

Which trigger(s) would be most impactful for your jurisdiction and why?

# How To Disclose: Voluntary

Programs can offer labels at any time for voluntary use in the real estate market, but your jurisdiction may want to encourage targeting specific trigger events



- Can be an “ice breaker” in the face of strong political opposition that can evolve into mandatory policy over time
- Can piggyback on EE programs to deliver labels to participants, led or managed by utility or program administrator

- Achieves significantly lower levels of market penetration than mandatory policy, but can reach higher levels if substantially supported by utilities
- Requires significant incentives, subsidies, and marketing to drive demand

**Note:** Historically, no jurisdiction has been fully successful at creating a functioning voluntary market based only on consumer demand for labels

# How To Disclose: Mandatory

Policies or programs that require, by legislation, this information to be provided and specify what information, when, and to whom; stakeholder engagement is critical upfront



- Achieves much higher levels of market penetration in support of community goals
- Supports market transformation by making this information visible and ubiquitous
- Lower burden on administrators to create the market (supply and demand)



- Likely to be more difficult to enact due to perception of slowing or interfering with real estate transactions
- Requires mechanisms to ensure high compliance



# Check-In

---



## Show of Hands:

Are you leaning towards  
voluntary or mandatory, and  
why?

# Recommended Best Practice: Single-Family

---

- ✓ **WHAT: Asset Ratings** are objective, best suited for real estate transactions, and recommend cost-effective upgrades
  - ✓ **Home Energy Score:** national standard for existing homes and lower cost
- ✓ **WHEN: Time of Listing** is earliest stage of process → more actionable and less objectionable; and **Time of Rental** if applicable
- ✓ **HOW: Mandatory** achieves much higher levels of market penetration towards goals

This combination best supports overarching policy objective to inform consumers about home energy performance, expected costs, and cost-effective improvements

# Recommended Best Practice: Multifamily

---

- ✓ **WHAT: Operational Data (utility data)** benchmarking through Portfolio Manager
- ✓ **WHEN: Annually** disclosed to appropriate parties
- ✓ **HOW: Mandatory** achieves much higher levels of market penetration towards goals

# Q&A / Blueprint Work Time (complete page 1)

## RESIDENTIAL ENERGY DISCLOSURE

### Initial Policy Blueprint

**Instructions:** To start developing a policy hypothesis, please fill in all blanks and check the appropriate boxes to make selections that can anchor conversations with relevant stakeholders; **bolded options** are recommended as best practice.

#### 1) Set Goals

The success of the residential energy disclosure policy will be measured against the following goals, among others:

- Inform residents about home energy performance, expected energy costs, and cost-effective improvements
- Achieve \_\_\_% residential energy / carbon savings by 20\_\_\_, vs. \_\_\_%
- Drive \_\_\_% of labeled homes to perform retrofits in years 1-3, and \_\_\_% thereafter

This policy will be implemented on the following timeline:

- Policy passed: 20\_\_\_
- Policy effective: 20\_\_\_
- Compliance required: 20\_\_\_

#### 2) Choose Policy Parameters

The policy should account for local context (e.g. legal authority, housing market, supporting policies/resources, etc.)

##### **Disclosed Information:**

Home energy performance will be disclosed in the form of: ☐ asset ratings ☐ operational data (i.e. past utility bills)

##### **Rating System (for asset ratings only):**

Home energy performance will be assessed using:

- ☐ Department of Energy's Home Energy Score (HES),
- ☐ RESNET's Home Energy Rating System (HERS),
- ☐ Local/regional/custom energy rating tool identified here: \_\_\_\_\_

Home energy information will be disclosed through (select all): ☐ multiple listing service (MLS),

- ☐ real estate agents, ☐ real estate portals, ☐ seller open houses, ☐ city/county website,
- ☐ section of standard lease form, ☐ other channels: \_\_\_\_\_

##### **Trigger Event:**

Home energy disclosure will be triggered at: ☐ time of listing ☐ time of sale (i.e. at closing)  
☐ time of rental ☐ other trigger(s): \_\_\_\_\_

##### **Compliance:**

The policy / program will be: ☐ mandatory ☐ voluntary (for \_\_\_ months until mandatory) ☐ voluntary  
Note: No jurisdiction has been fully successful at creating a voluntary market based only on consumer demand for labels.

For mandatory policies, non-compliance will result in: ☐ fines, ☐ inability to rent property ☐ other

#### 3) Engage Stakeholders

RMJ has developed additional tools and materials to facilitate stakeholder engagement, including an impact calculator for this policy, stakeholder mapping tool, 1-page policy overview flyer, and a more comprehensive blueprint template (incorporating sections for understanding your local context and improving equity outcomes).

If you're interested in accessing these resources, please email Greg Hopkins at [ghopkins@rmi.org](mailto:ghopkins@rmi.org).





# DOE Better Buildings Solution Center



## PROVEN SOLUTIONS FOR:

- Large and small buildings
- All sectors
- Specific building types

## SEARCH BY:

- Your energy efficiency barrier
- A technology or topic
- Your sector
- Your city or state

[betterbuildingssolutioncenter.energy.gov](http://betterbuildingssolutioncenter.energy.gov)

# Single-Family Sector Specific Solutions



PROGRAMS ▾



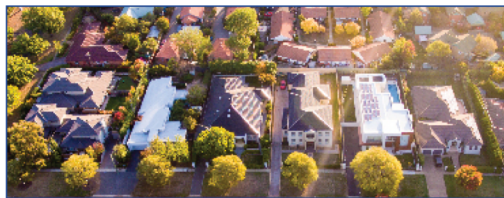
[Contact Us](#)

ALL ▾

SEARCH SOLUTIONS



## RESIDENTIAL ENERGY EFFICIENCY FOR LOCAL GOVERNMENTS



1. Address Residential Energy Use in Local Planning



2. Adopt Residential Building Energy Codes and Standards



3. Start a Home Energy Labeling Program



4. Enable Financing for Residential Efficiency Upgrades



5. Offer Incentives to Make Efficiency More Affordable



6. Upgrade the Efficiency of Affordable Housing in Your Community

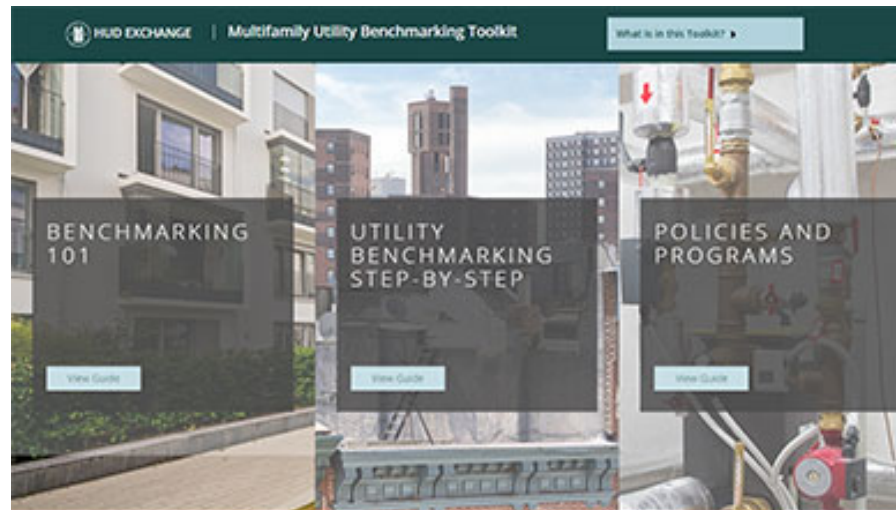
<https://betterbuildingsinitiative.energy.gov/bca/residential-energy-efficiency-local-governments>

# Multifamily Sector Specific Solutions

## HUD BENCHMARKING TOOLKIT

- Benchmarking 101
- Utility Benchmarking Step-by-Step
- Policies and Programs

<https://www.hudexchange.info/programs/utility-benchmarking/toolkit/>



## MULTIFAMILY SECTOR ENERGY & WATER EFFICIENCY RESOURCES

- Technical Resources
- Policy Guidance
- Planning Tools

<https://www.hudexchange.info/programs/better-buildings-challenge/energy-and-water-efficiency-resources/>



# Today's Agenda

Welcome & Introductions

## **Part 1: Residential Energy Disclosure**

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

*- - - Break (15 min) - - -*

## **Part 2: Residential Efficiency Standards**

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

Moving Forward



# Today's Agenda

Welcome & Introductions

## **Part 1: Residential Energy Disclosure**

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

- - - *Break (15 min)* - - -

## **Part 2: Residential Efficiency Standards**

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

Moving Forward



# Introducing Residential Efficiency Standards

---

Policies for existing residential properties that require owners to meet minimum energy efficiency criteria based on inspections before selling or renting out their properties:

- **Time of Sale:** compliance required prior to closing a sale of the property (e.g. San Francisco, Burlington)
  - Likely broader coverage / applicability in the market
- **Time of Rental Licensing:** compliance required in order to receive license to rent out units (e.g. Boulder)
  - Likely faster market penetration than Time of Sale trigger

If a property doesn't meet the minimum standard, energy upgrades must be performed

Disclosure policies can generate data and awareness for efficiency standards to build on

# Check-In

---



## Show of Hands:

How many jurisdictions in the room have a rental registration or rental licensing platform in place?

# Key Policy Benefits

---



## Consumer Protection

Reduces risk in particular for low-income households (renters often the most financially insecure, and split incentives limit owners from making upgrades)



## Economic Development

Job creation (e.g. inspectors, contractors), local reinvestment of savings, higher quality building stock



## Community Development

Improved equity and health outcomes; data collected can guide future policies and programming



## Climate Action

Requires improvements in the worst-performing / highest carbon emitting buildings in support of carbon and community goals

# Today's Agenda

Welcome & Introductions

## Part 1: Residential Energy Disclosure

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

- - - Break (15 min) - - -

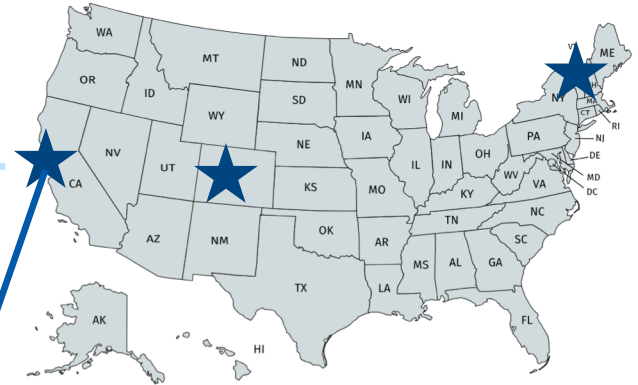
## Part 2: Residential Efficiency Standards

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

Moving Forward

# Time of Sale

San Francisco's Residential Energy Conservation Ordinance was the first in the US



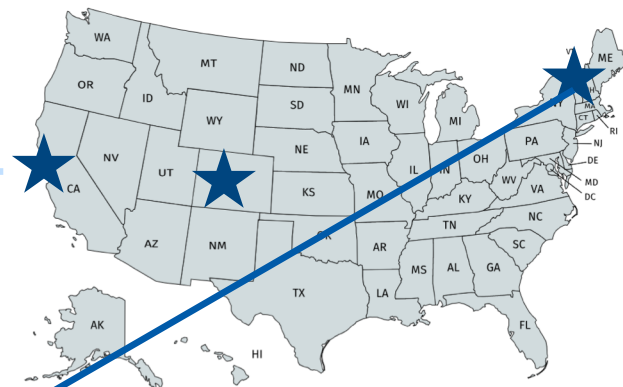
## San Francisco, CA

<b>Effective:</b>	1982 (updated 1991)
<b>Trigger:</b>	Time of Sale & Major Renovation
<b>Scope:</b>	Single-family, duplexes, multifamily
<b>Requirement:</b>	Inspection and certificate of compliance for minimum measures noted below
<b>Exempt:</b>	Construction >1978, mobile homes
<b>Notes:</b>	Spending limits ensure policy is not overly burdensome; EE minimums include R-19 attic insulation, weather-stripping and sealing, duct and DHWH insulation



# Time of Sale

Burlington's Time of Sale Energy Efficiency Ordinance allows for transferring compliance to the buyer



## Burlington, VT

**Effective:**

1996

**Trigger:**

Time of Sale

**Scope:**

Apartment buildings (tenants directly pay for heating)

**Requirement:**

Inspection and certificate of compliance for minimum measures noted below

**Exempt:**

N/A

**Notes:**

Cost cap at 3% of listed price or \$1,300 per unit; measures include minimum insulation levels for walls, attic, water heaters, and ducts (avg cost \$650-750/unit)

# Time of Rental Licensing

Boulder's SmartRegs ordinance leverages the city's rental licensing platform to ensure compliance



## Boulder, CO

<b>Effective:</b>	2019 (adopted 2010)
<b>Trigger:</b>	Rental Licensing
<b>Scope:</b>	Rental properties
<b>Requirement:</b>	Proof of SmartRegs compliance (HERS >120; checklist score >100) required at time of application
<b>Exempt:</b>	Short-term rentals, mobile homes, weatherized homes
<b>Notes:</b>	Certified inspectors use a checklist based on IECC 1999 code OR assess for HERS rating >120; city provides trainings, incentives, more



# Today's Agenda

Welcome & Introductions

## **Part 1: Residential Energy Disclosure**

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

- - - *Break (15 min)* - - -

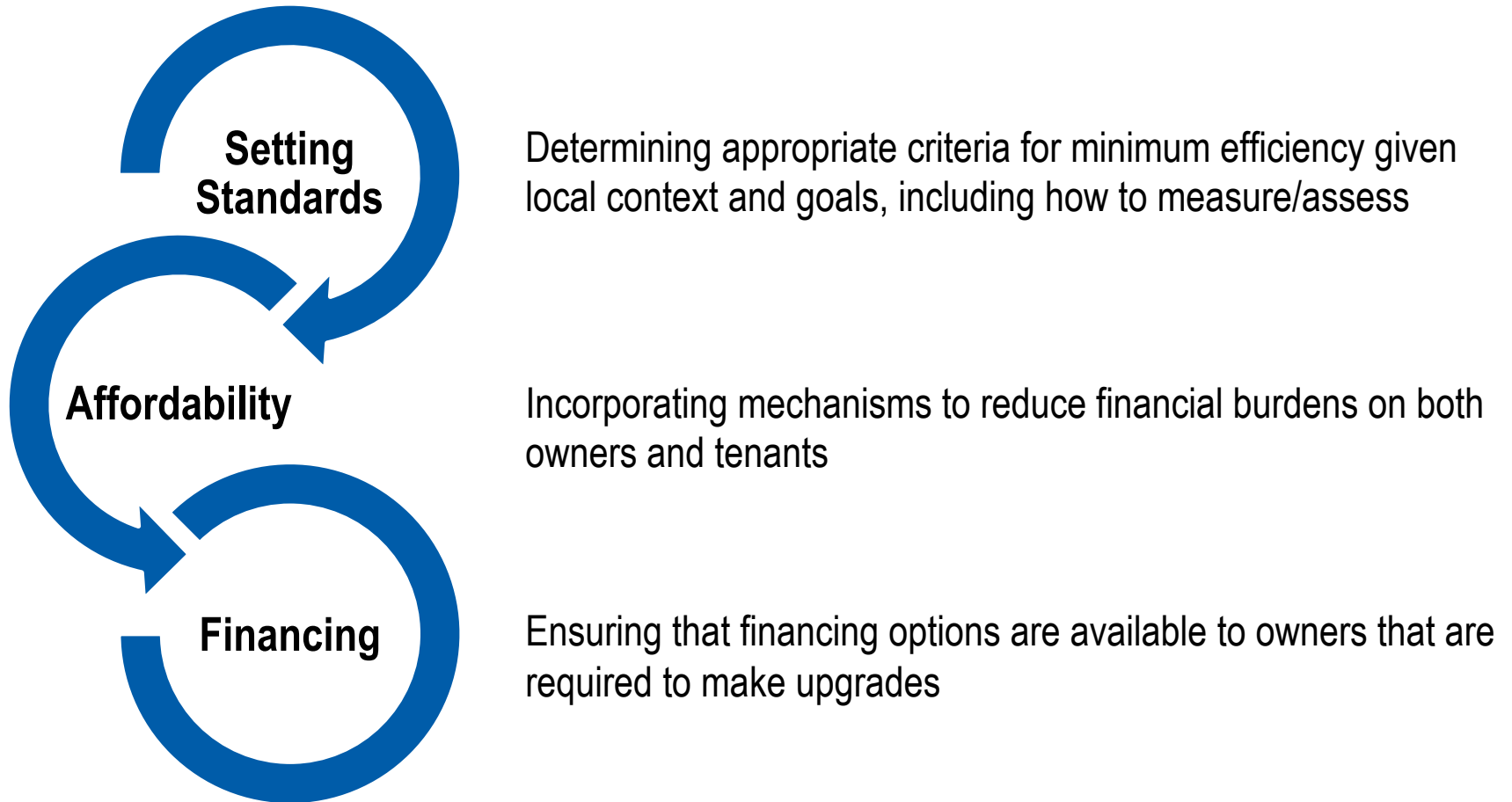
## **Part 2: Residential Efficiency Standards**

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

Moving Forward

# Key Policy Considerations

---



# Setting Standards

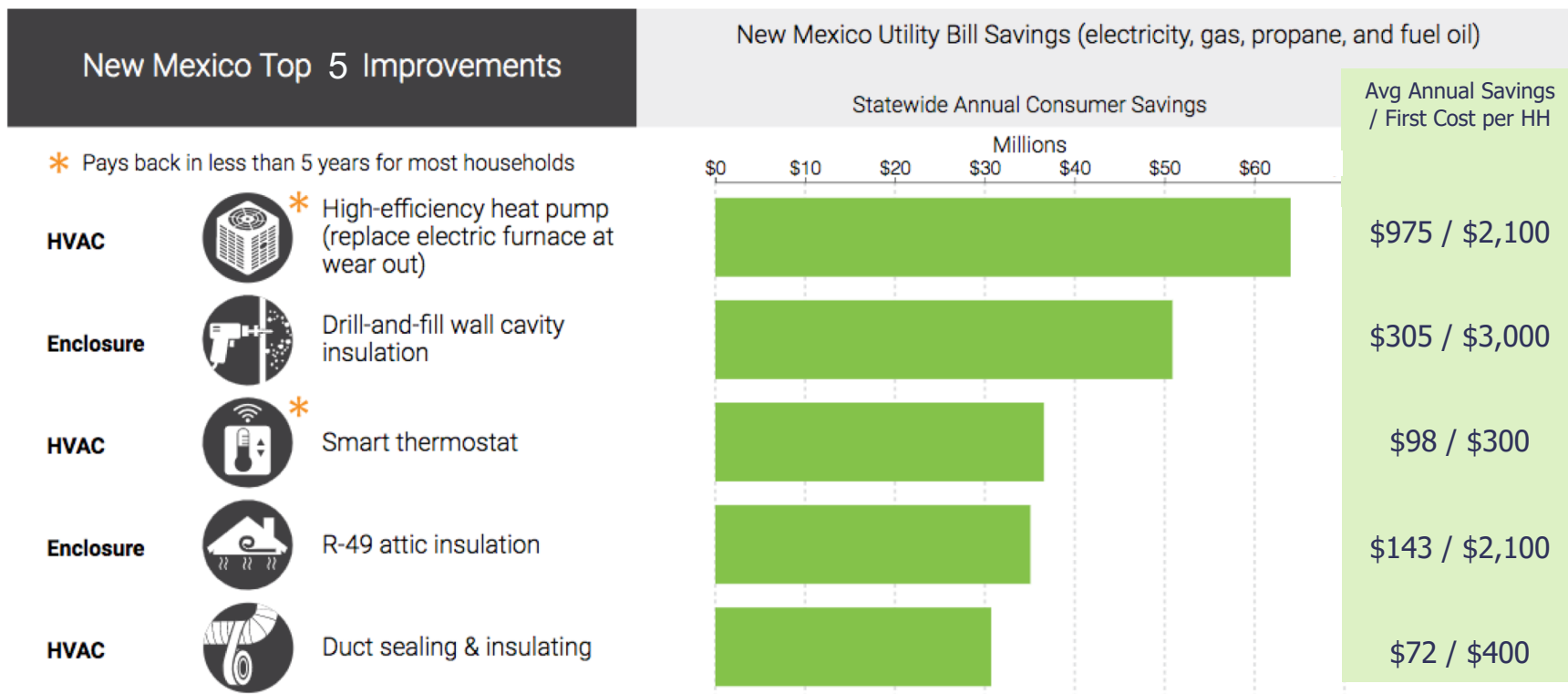
---

Key factors to consider include:

- **Existing housing stock:** the policy account for common building typologies (single-, multifamily, mobile, etc) and existing efficiency levels
  - Custom analysis or leverage public data (e.g. ResStock)
- **Assessment tools** that can be leveraged to measure building efficiency (e.g. HES, HERS, Portfolio Manager, custom checklists, etc)
- Energy upgrade **project constraints** (i.e. setting standards that would allow the majority of affected properties to be upgraded with <X-year payback or \$X cost)



# Highest Impact Single-Family Upgrades for NM



Sources: National Renewable Energy Laboratory: <https://resstock.nrel.gov/factsheets/NM>

# Affordability Goals

Key factors to consider:

- **For property owners:**
  - Project cost caps
  - Utility incentive coordination
  - LMI subsidies
  - Clarifying financial value (property value, tenant retention, etc)
- **For tenants:**
  - Requiring owners to sign rent increase forms (limiting pass-throughs) →
  - Focus on maintaining or lowering 'total cost of living' (TCL)

Residential Efficiency Standards: Rent Increase Transparency Form	
<i>Instructions: As part of the rental licensing application process, Landlords must fill in boxes 1 through 11 below, then share and discuss this form with each of their tenants. Tenant signatures are required only if Landlord intends to increase the rent (at the level indicated in box 11) as a result of energy upgrades.</i>	
<b>PROPERTY DETAILS</b>	<b>Landlord To Fill In Boxes 1-11</b>
Property Address (Include Unit Number):	1 123 Main Street, Unit #200
Building Type:	2 Multifamily
<b>LANDLORD DETAILS</b>	
Contact Name:	3 Bob Smith
Phone Number:	4 123-333-3333
Email Address:	5 Bob@gmail.com
<b>ENERGY PROJECT DETAILS</b>	
List Energy Upgrades Installed:	6 Attic insulation, LED lighting, low flow fixtures
Cost of Energy Upgrades per Unit:	7 \$3,000
Avg Life of Energy Upgrade Equipment (Years):	8 20
Does Landlord Plan to Raise This Unit's Rent Due to Upgrade?	9 Yes
Energy Rater's Estimated Annual Energy Savings from Upgrade:	10 \$600
Buffer on Energy Savings	20%
Simple Payback Period (Years)	5
<b>SUMMARY OF IMPACT ON TENANT</b>	
Maximum Suggested Monthly Rent Increase (Accounts for Buffer)	\$0-\$40
Actual Rent Increase	11 \$15
Monthly Utility Bill Savings	\$50
Does This Avoid Increase to Tenant's Total Cost of Living?	Yes
Depending on the energy upgrade, in addition to total cost of living going down, tenants can also experience better thermal comfort, better indoor air quality, more predictable utility bills, and/or better pest control.	
Landlord agrees that the rent increase stated above as "Actual Rent Increase" (box 11) is accurate and that the rent shall not be increased further during the term of this rental license unless the increase is demonstrably related to matters other than energy upgrade performed.	
_____ Landlord Signature	_____ Date
Tenant acknowledges that it has seen this form and discussed its content with the Landlord.	
_____ Tenant Name & Signature	_____ Date

# Q&A

---



# Exercise

---



## Jot Down & Discuss:

What are the main goals you would want to achieve through this policy?  
(1 post-it note per goal)

## Exercise (continued)

---



### Jot Down & Discuss:

What factors would you consider and initial steps would you take in support of these top goals/priorities?



## Exercise (continued)

---



### Report-Out:

What top 3 action items did your group identify for each policy priority?

# Blueprint Work Time / Q&A



**RESIDENTIAL EFFICIENCY STANDARDS**  
**Initial Policy Blueprint**

*Instructions: To start developing a policy hypothesis, please fill in all blanks and check the appropriate boxes to make selections that can anchor conversations with relevant stakeholders.*

**1) Set Goals**

The success of a minimum efficiency standards policy will be measured against the following goals (be specific):  
*E.g. reducing carbon emissions, addressing energy burdens for LMI households, improving housing, creating jobs*

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

This policy will be implemented on the following timeline:

- Policy passed: \_\_\_\_\_, 20\_\_\_\_
- Policy effective: \_\_\_\_\_, 20\_\_\_\_
- Compliance required: \_\_\_\_\_, 20\_\_\_\_

**2) Consider Key Policy Elements**

Standards should account for local context (e.g. legal authority, housing market, supporting policies/resources, etc.)

**Trigger Event:**  
Efficiency standards will be tied to: ☐ time of sale ☐ rental licensing ☐ other: \_\_\_\_\_

**Scope:**  
Efficiency standards will apply to (select all): ☐ single-family homes ☐ multifamily properties  
☐ mobile/manufactured homes ☐ other: \_\_\_\_\_

Compliance will be based on: ☐ Home Energy Score ☐ HERS ☐ Portfolio Manager data  
☐ custom checklist (measure-based) ☐ other: \_\_\_\_\_

**Priorities for Setting Standards:**  
Top considerations that the minimum efficiency threshold will take into account (be specific):  
*E.g. existing housing stock, target proportion to improve, reasonable project payback or cost for most properties, etc.*

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Priorities for Affordability:**  
Top considerations to ensure affordability and equity for property owners and tenants, if applicable (be specific):  
*E.g. project cost caps, utility incentive coordination, subsidies for LMI owners, rent increase limits for rental properties*

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**3) Action Planning**

Identify below the top 3 action items you will pursue over the next six months to advance priorities identified above:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

2



# Financing Options

**Better Buildings' Financing Navigator:** an online tool that helps public and private organizations identify financing solutions for energy efficiency (and renewable) projects

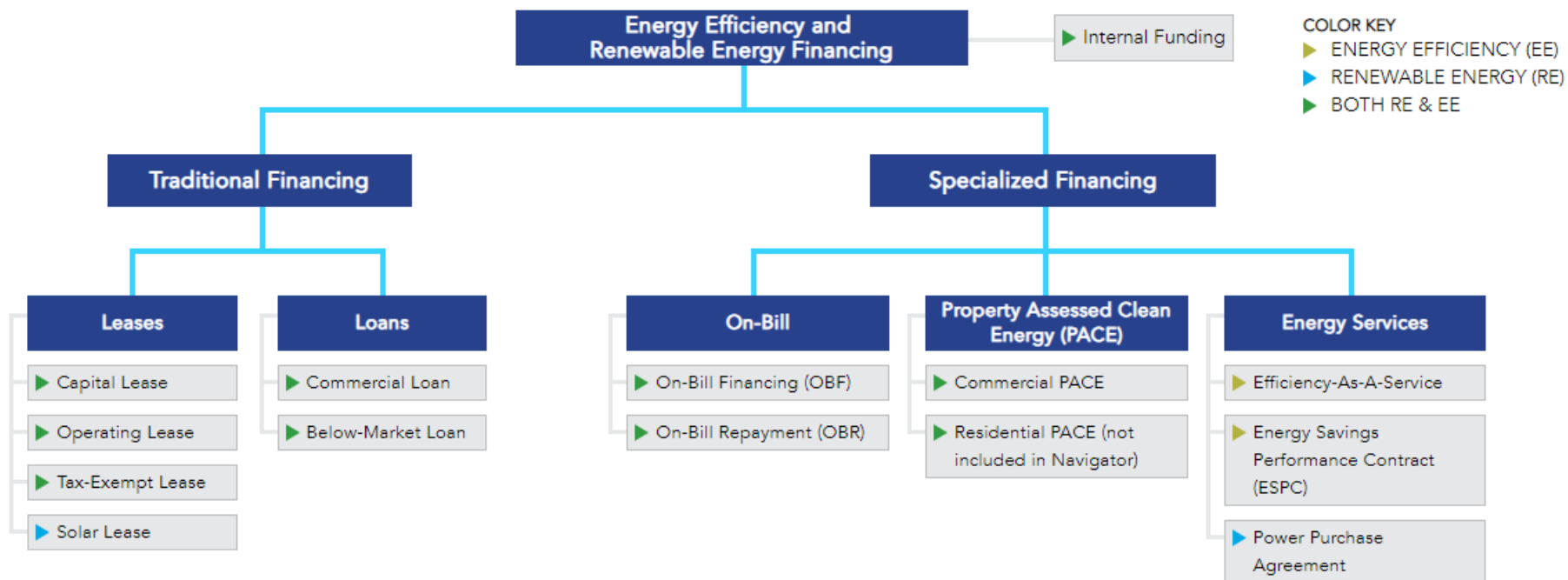


- 1 EXPLORE:** Learn the basics of the energy efficiency financing market
- 2 FIND:** Answer a few simple questions to see which financing options might be a fit for your projects
- 3 CONNECT:** Speak to Better Buildings Financial Allies who may be able to help you

Now available at: <https://betterbuildingssolutioncenter.energy.gov/financing-navigator>

# Financing Options

Financing options can spread the upfront cost over the useful life of the project and address split incentives, making upgrades more palatable for owners to undertake



# Case Study: ICAST Scaling Energy Retrofits in NM

---

- **ICAST**([www.icastusa.org](http://www.icastusa.org)) is a national 501c3 nonprofit that won a 3-year grant with DOE in 2016 to offer innovative turnkey energy retrofit services to multifamily housing
- Since 2015, ICAST has executed upgrades to **~7,000 multifamily apartments** across NM **saving ~20 Million kWh** annually
- Since 2016, ICAST has managed the statewide Demand Side Management (DSM) program for New Mexico Gas Company for all multifamily in their territory
- In 2015, ICAST was selected by the NM Mortgage Finance Authority (MFA) to implement their weatherization program for NM affordable housing properties
- ICAST is executing Energy Performance Contracts for TorC Housing Authority and Santa Fe County Housing Authority, with HUD approval.
  - Both projects include solar PV installs.



# Today's Agenda

Welcome & Introductions

## **Part 1: Residential Energy Disclosure**

- Overview & Value Proposition
- Policy Precedents
- Selecting Policy Parameters

- - - *Break (15 min)* - - -

## **Part 2: Residential Efficiency Standards**

- Overview & Value Proposition
- Policy Precedents
- Key Policy Considerations

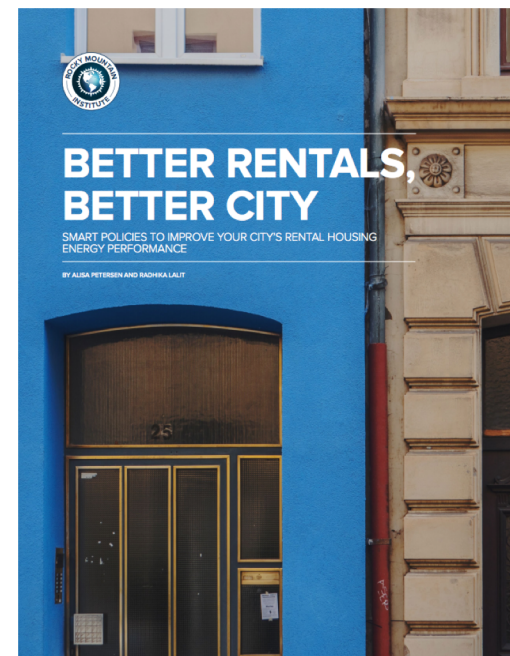
Moving Forward



# More Resources Are Available

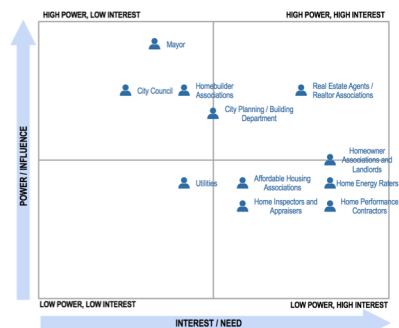
Based on past program offerings for local governments, RMI can share additional tools and resources as helpful, including:

- Full Policy Blueprints
- Impact Calculators
- Stakeholder Mapping
- Research
- Reports/Case Studies



HOME ENERGY LABELING PROGRAM: IMPACT CALCULATOR	
City:	Philadelphia
State:	Pennsylvania
This tool is meant to be a starting point for determining the impacts of a home energy labeling program in your city. Resources list identify necessary inputs. Note that results summarized reflect year 1 of a mandatory compliance requirement. Many of the metrics year for longer-term impact estimates.	
Year 1 Results Summary	
Homes Rated	20,358
Minimum Energy Raters Required	47
Homes Retrofitted	4,072
Energy Savings (MmBtu)	69,615
Energy Cost Savings	\$970,455
Carbon Reduction (tons CO <sub>2</sub> )	6,522
Increased Real Estate Value	\$24,674,249

(applies to Time of Sale and Time of Listing only)



# Check-Out

---



## Popcorn:

What would you like to spend more time on during the technical assistance session tomorrow or after the Energy Summit?



# THANK YOU!

Stay tuned for follow-up resources & reach out to us with more questions tomorrow!

