Board of County Commissioners
Board Work Session
Wednesday, October 15, 2025
9:00 AM
3000 Pacific Avenue, Room 110

Written public comment may be received up to two hours in advance of the meeting and will be distributed to the Board of County Commissioners. Action may be taken at this meeting.

This meeting will be recorded and posted to the Thurston County YouTube Channel within 24 hours.

AGENDA

I. Sheriff's Office Aviation Program Update

II. Home Energy Score Model Ordinance Proposal

III. Community Planning and Economic Development's Annual Rezone Package

IV. Preliminary 2026-2027 Biennial Budget: First Preliminary Review

V. Commissioners Items

Disability Accommodations: Room 110 is equipped with an assistive listening system and is wheelchair accessible. To request disability accommodations, call the Reasonable Accommodation Coordinator at least 3 days prior to the meeting at 360-786-5440. Persons with speech or hearing disabilities may call via Washington Relay at 711 or 800-833-6388.

Board of County Commissioners
Briefing Presentation Form

Title
Sheriff's Office Aviation Program (Helicopter)

Date
10/15/2025

Board Meeting
Board Work Session

Office/Department
Sheriff's Office

Staff Contact
Derek Sanders, Sheriff
Ruben Mancillas, Undersheriff

Attachments
- Helicopter PowerPoint

Type
☐ Informational
☒ Follow up/Continued work session
Board decisions will not be made during work sessions.

Primary Objective
Follow-up discussion on implementation of the aviation program.

Staff Recommendation

Background
Currently Thurston County Sheriff's Office does not have a reliable means to do water rescue, or search and rescue. In addition, we can use this platform for pursuit mitigation.

Budget Impacts/Requests
We are not seeking additional funding approval from the Board.

Others Affected

Timeline/Nest Steps

Thurston County Sheriff’s Office

Helicopter Program

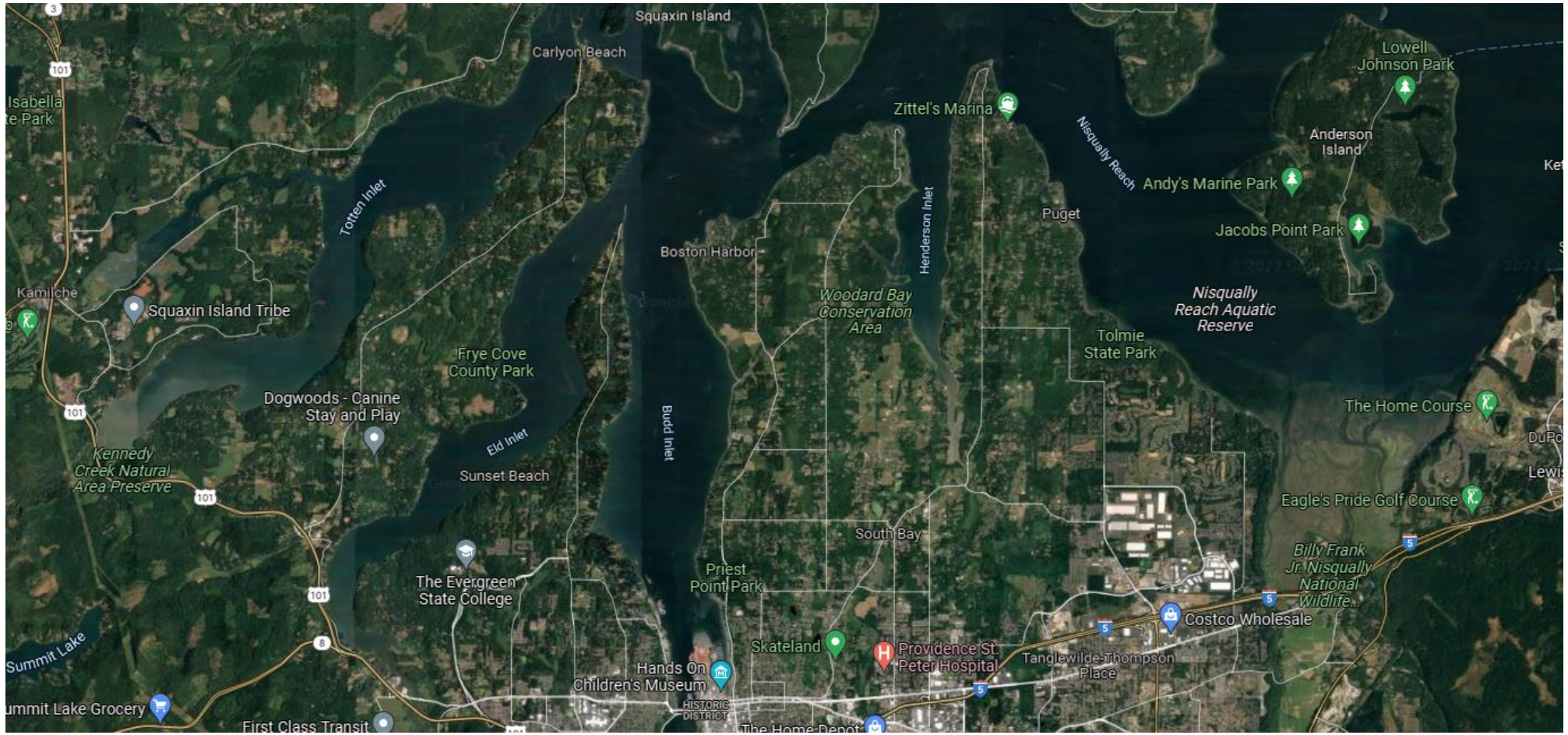
2025

2021 – 2024

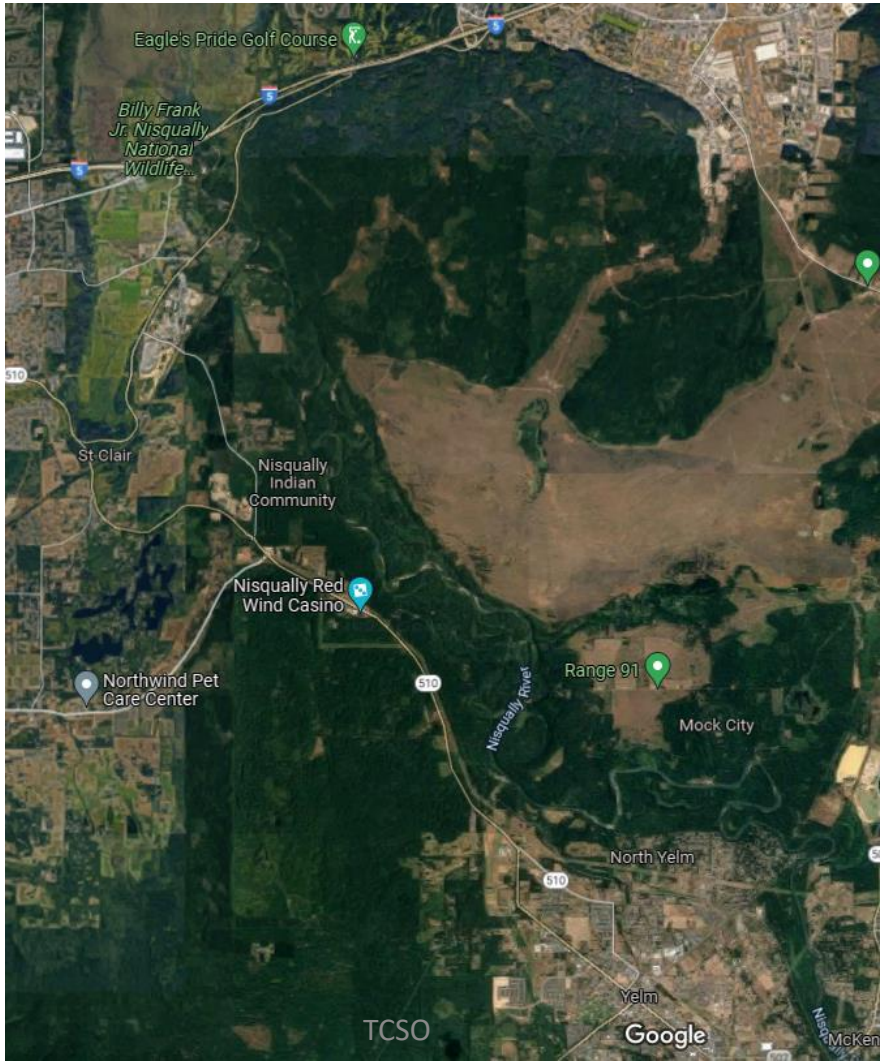
Water Rescue Calls:
(Average 40 calls per year - 107 in 2021)

- 222 – Water Rescue Calls
- 148 – Puget Sound
- 23 – Nisqually River
- 51 – Other Water Ways

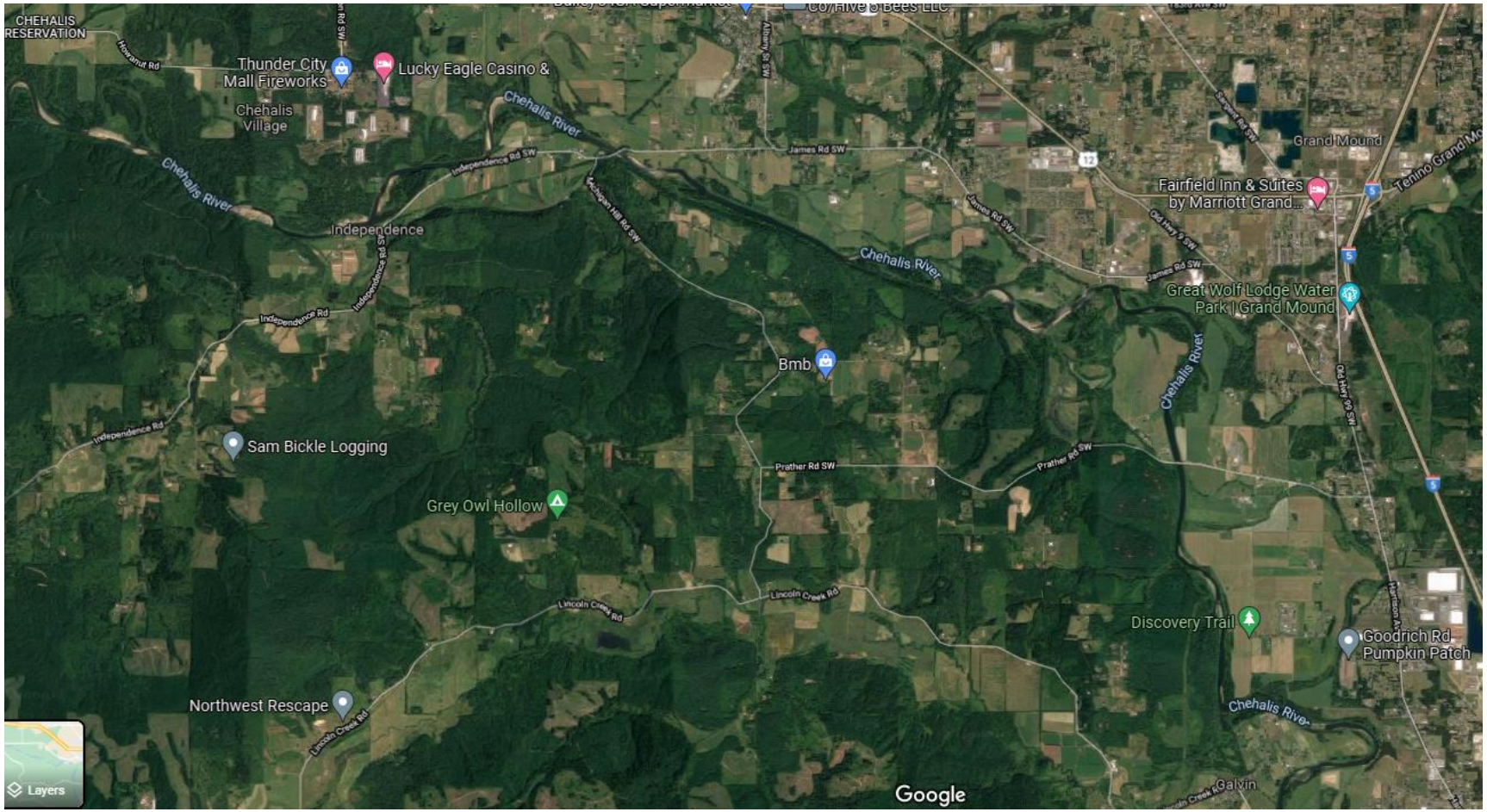
Puget Sound


Squaxin Island
Carlyon Beach
Lowell Johnson Park
Zittel's Marina
Nisqually Reach
Anderson Island
Andy's Marine Park
Jacobs Point Park
Puget
Henderson Inlet
Totten Inlet
Boston Harbor
Kamilche
Squaxin Island Tribe
Woodard Bay Conservation Area
Nisqually Reach Aquatic Reserve
Tolmie State Park
Frye Cove County Park
Dogwoods - Canine Stay and Play
Budd Inlet
Eld Inlet
Kennedy Creek Natural Area Preserve
Sunset Beach
The Home Course
Eagle's Pride Golf Course
South Bay
Billy Frank Jr. Nisqually National Wildlife...
Priest Point Park
The Evergreen State College
Costco Wholesale
Skateland
Providence St. Peter Hospital
Tanglewilde-Thompson Place
Hands On Children's Museum
HISTORIC DISTRICT
Summit Lake
Summit Lake Grocery
First Class Transit
The Home Depot

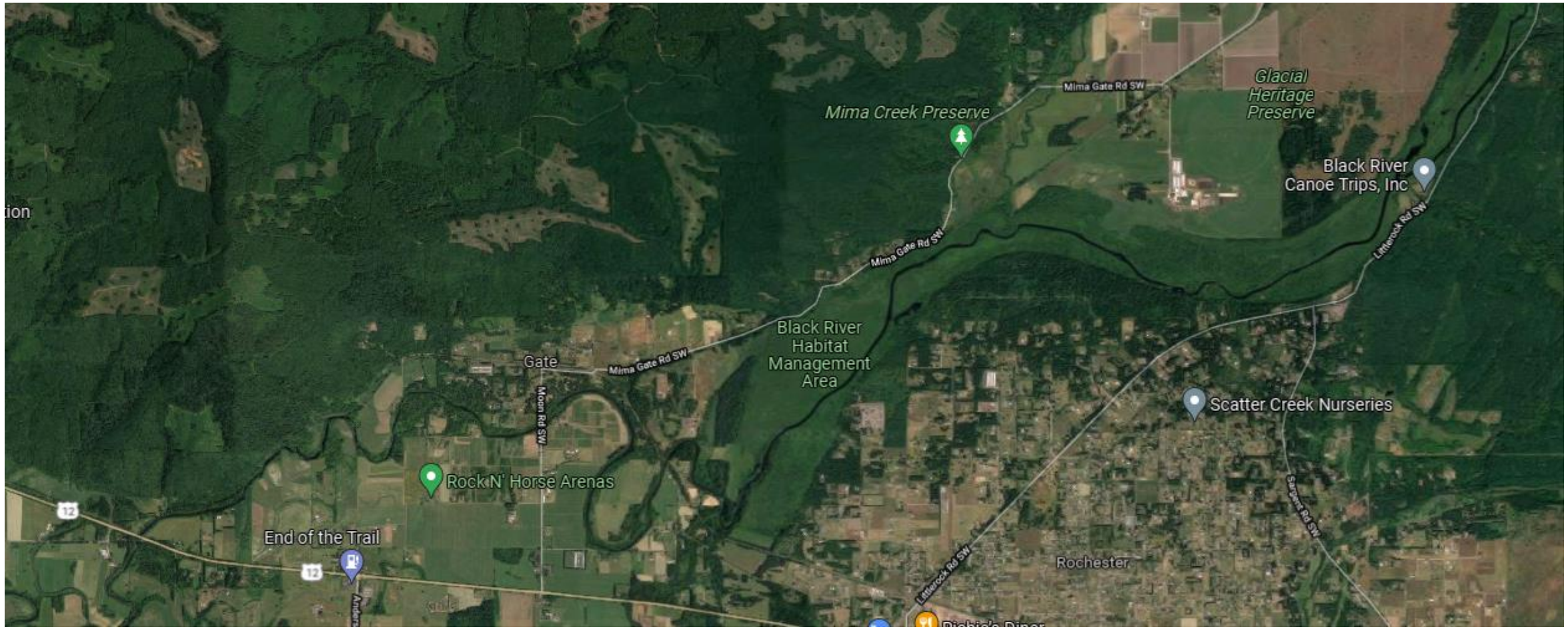
Nisqually River



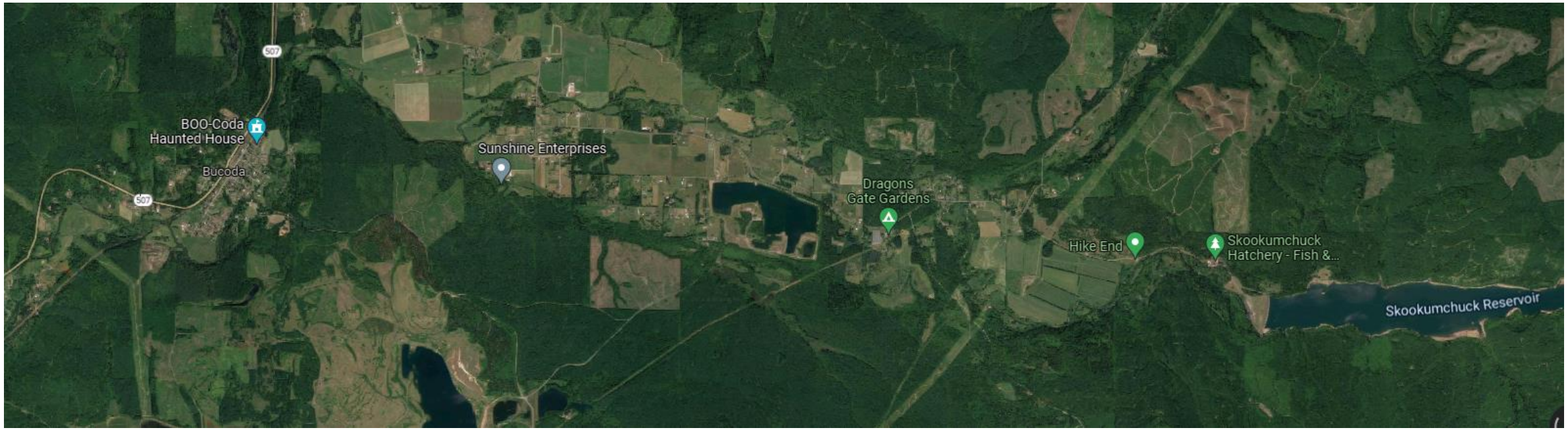
Chehalis River



Black River


Mima Creek Preserve
Mima Gate Rd SW
Glacial Heritage Preserve
Black River Canoe Trips, Inc
Littlerock Rd SW
Black River Habitat Management Area
Gate
Moon Rd SW
Scatter Creek Nurseries
Rock N' Horse Arenas
End of the Trail
12
Sargent Rd SW
Rochester

Skookumchuck River



Primary Response Vessels:

Concerns with current responses:

- Integrity out of service for almost 3 years
- Response time to incidents on Puget Sound exceeds 45 minutes
- Response duration on incidents for Puget Sound exceed 2 hours and removes 2 deputies from patrol duties
- Response with vessel Integrity burns 50 gals of fuel an hour at $9 or more a gallon
- Response time to incidents on rivers can exceed 30 minutes utilizing numerous emergency response personnel and assets for an extended time

Solution:
TH67 / OH58 Helicopter

Pros:

-Response time to water rescue scenes in county within 15 to 20 minutes

-Response duration for manpower and equipment can be cut in less than half

-Ability to assess and clear incidents in minutes vs. hours

-Aircraft burns 25 gallons of fuel per hour at $7 to $8 a gallon (Paid by TCSO MSU and LE fund)

-Aircraft maintenance and pilot provided by Northwest Helicopters

-HEC Rescue System ($35,000.00) provided by Northwest Helicopters

-Aircraft obtained through DRMO for no cost (Northwest Helicopters will assist in delivery)

-Aircraft insurance quoted at $12 to $15K a year depending on options (Paid by TCSO MSU and LE fund)

Cons:

- Cannot be flown in poor weather
- Contingent upon partnership with Helicopter NW
- Overcome public speculation of what the helicopter would be used for
- Flying still presents risk, even if the traditional tactics are riskier
- Insurance can fluctuate depending on pilot experience

TH67 Military Helicopter:

Converted to LE Helicopters:

HEC Rescue System:

MD 500 HEC

Dual Cargo Hook HEC System

$34,500.00

more info...

Mechanical Specialties' HEC system was designed and tested to meet the FAA requirements for Human External Cargo, generally seen in the helicopter industry for powerline maintenance or construction services.

This system offers 714 LB HEC lifting capacity or 2,000 LB. non-HEC capacity with releases arranged to allow only one hook to open at a time. Operators currently using Mechanical Specialties 369D/E/F/FF STC'd primary cargo hooks can take advantage of a generous trade-in program to upgrade to an approved HEC system.

HEC System:

Pursuit Mitigation

Air Support

- Allows police to disengage high speed pursuit
- Provide higher capture rates
- Lower risk to uninvolved motorists
- Lower risk to the County
- Provides intel to LE in the area
- Air Unit able to follow until suspect perceives they have escaped and parks vehicle
- Provides support for K9 tracks
- Establish clear and convincing evidence for PA at court
- Assist with missing or lost subjects

WSP Smokey Airplane

What will air support be used for?

Will be used for:

- Search and Rescue
  - Marine Response
  - Missing Persons
- Pursuit Mitigation
  - K9 Track Assistance
  - High Profile Incidents

Will not be used for:

- Executive Transport
- SWAT Team Repelling
- Protests (unless a significant crime occurs such as a shooting and a specific need is requested)

Real Events

- 2023: Tumwater took a report of two missing juveniles on Deshcutes River, it was feared they may have drowned. Search parties were approximately an hour into their work before air support was available. Once in the area, WSP Smokey located the children within minutes on the riverbank and they were rescued.

- 2021: WSP attempted to stop a reckless vehicle. When Troopers moved to pin the vehicle in, it rammed through them and fled a second time. Units did not need to pursue with Smokey available. Waited until the suspect parked and fled on foot and then guided deputies and troopers on foot to where suspect was laying in grass.

Real Events

- 2023: Lacey double homicide suspect fled on foot into Nisqually Wildlife Refuge after short pursuit with Police vehicles. King County Guardian One Helicopter and WSP Smokey Aircraft were used to located suspect hiding in thick brush. SWAT Team members and K9 team were led to suspect, he was taken into custody without incident.

- Last week: Helicopter assets was used to assist in locating and leading Fire and LE response teams to the downed military helicopter near Summit Lake.

TCSO OH-58 Helicopter

TCSO OH-58 Helicopter Interior

TCSO OH-58 Helicopter Prep

TCSO OH-58 Helicopter Shipment

Questions:

Board of County Commissioners
Briefing Presentation Form

Title
Home Energy Assessment and Disclosure Policy

Date
09/10/2025

Board Meeting
Board Work Session

Office/Department
Commissioners

Staff Contact
Rebecca Harvey, Climate Mitigation Sr. Program Manager

Attachments
- Draft Model Ordinance
- TCMC Stakeholder Feedback Summary
- TCMC Policy Review Memo

Type
☒ Informational
☐ Follow up/Continued work session

Board decisions will not be made during work sessions.

Primary Objective
The purpose of this briefing is to present and discuss a draft model ordinance for a Home Energy Assessment and Disclosure Policy, also referred to as the Home Energy Score (HES) Ordinance. The HES Ordinance is an education and outreach tool intended to help prospective homebuyers consider the full cost of home ownership, including energy costs, and to identify (but not require) ways to increase the energy efficiency of the home. Similar to vehicle miles-per-gallon ratings and home appliance energy guide labels, a HES provides a consistent metric to easily compare the energy efficiency of multiple homes. Homeowners and homebuyers can use this information to estimate energy use and costs and identify energy efficiency upgrades to make their homes more comfortable and affordable. This policy requires that a HES is completed and disclosed as part of the real estate listing for subject buildings.

The Thurston Climate Mitigation Collaborative (TCMC) is advancing this model ordinance jointly across the jurisdictions of Lacey, Olympia, Tumwater, and Thurston County, with the vision to create a regionally consistent requirement and program. The TCMC staff team drafted this ordinance based on robust stakeholder engagement and review of other cities' home energy assessment and disclosure policies/programs, particularly following the model of Portland, OR.

Staff is seeking Board direction to review the draft model ordinance with appropriate County permitting departments (CPED, PHSS, Public Works) for impact on process and customer service offerings.

Staff Recommendation
Provide direction to review the draft model ordinance with appropriate County permitting departments and to return to a future Board work session to discuss potential adoption of the ordinance.

Background

In 2021, the BoCC accepted the Thurston Climate Mitigation Plan (TCMP) and committed to its implementation via Resolution No. 15983. This ordinance implements TCMP Actions B1.1 and B1.2 and contributes to reducing greenhouse gas emissions from the County's existing residential building stock. On February 20, 2024, the BoCC approved an Interlocal Agreement to support the implementation of the 2024 Thurston Climate Mitigation Collaborative (TCMC) Regional Initiatives, which included the development of a draft Home Energy Score (HES) model ordinance.

Throughout 2024, the TCMC staff team completed key tasks to design and develop the regional HES Ordinance. These tasks included reviewing existing HES disclosure policies in other U.S. cities and states; conducting a series of focus groups with key stakeholders from real estate, building and other industries; and drafting a model ordinance for consideration by each jurisdiction.

An email brief about this initiative was sent to the BoCC on October 21, 2024. The model ordinance was presented and discussed at the TCMC Executive Committee meeting on January 27, 2025. The Executive Committee recommended forwarding the proposed HES model ordinance for consideration by the TCMC jurisdictions.

The status of the model ordinance in the other TCMC jurisdictions is as follows:

- The Olympia Land Use and Environment Committee received a briefing the proposed model ordinance on February 20, 2025. The full City Council reviewed and discussed the model ordinance on March 11, 2025. They determined to delay further action on the model ordinance until other TCMC jurisdictions are ready to consider the ordinance for adoption.
- The City of Tumwater is currently meeting internally to discuss anticipated enforcement issues and will move forward with consideration once those are resolved.
- The City of Lacey plans to place the model ordinance on their 2026 workplan for consideration by the City Council in early 2026.

Budget Impacts/Requests

If adopted, the HES Ordinance will necessitate the development of a supporting program. The TCMC staff team developed a preliminary budget for the supporting program that includes one-time launch costs and ongoing program management costs. One-time costs are estimated at $80,000-$100,000 to cover launching IT systems and Home Energy Score Report with local branding; HES onboarding and enrollment (up to 8 assessors); HES report customization, program workflow and tracking, local MLS analysis, and program marketing and outreach. Annual program management costs are estimated at $20,000-$25,000 to cover IT system fees, quarterly client meetings and reports, basic data analysis, and annual summary report.

If the HES Ordinance is adopted by all TCMC jurisdictions (Lacey, Olympia, Tumwater, and Thurston County), costs would be split equally, resulting in an **estimated launch cost up to $25,000 per partner and subsequent annual program management cost up to $6,250 per partner.** These anticipated program costs were included in the 2026-2027 Climate Mitigation budget request. Long- term implementation would incur additional costs for ongoing program management, beginning in 2028.

Others Affected

County Departments

Departments that may be affected include CPED, PHSS, and/or Public Works. With Board direction, staff will coordinate with these departments to consider potential impacts and enforcement procedures.

The draft model ordinance does not currently include fines or enforcement procedures. Each jurisdiction may consider adding language allowing for fines and enforcement, depending on capacity. However, TCMC staff are considering an alternate enforcement method that may make jurisdiction enforcement unnecessary for the vast majority of home listings. Based on a model from Island County, WA (a mandatory noise disclosure ordinance), the ordinance could trigger a required field and form on the Northwest Multiple Listing Service (NW MLS) for all real estate listings in the County, thereby ensuring compliance. Approximately 90-95% of home sales in Thurston County are listed using NW MLS. This process will be developed as part of the supporting program if the ordinance is adopted.

Benefits and Costs to Residents

The HES policy will primarily affect residents of Thurston County when they buy or sell a home. The benefits of having a HES at time of listing include the following:

- The prospective homebuyer is aware of and can consider the estimated annual utility bill of a home when making decisions about affordability.
- Both the seller and the prospective homebuyer will receive a list of potential energy efficiency upgrades, with an estimate of annual cost savings.
- The HES is required documentation for a buyer to qualify for a Washington State Housing Finance Commission Energy Spark Loan, which can reduce interest rate by ¼ percent, provide downpayment assistance, and allow buyers to add the cost of energy-efficient improvements to their home mortgage.

For home sellers, an HES assessment costs an average of $150-$300 and adds another step to a complicated real estate transaction process. The draft model ordinance includes the provision that the County shall fully subsidize HES assessments for low-income residents or exempt low-income residents from the requirements if no funding is available.

Industry Stakeholders

Stakeholders affected by a Thurston County HES policy include the following: real estate and home financing professionals, builders/contractors, home energy service providers, low-income service providers, and energy efficiency program managers. As part of the ordinance development, TCMC staff convened four focus groups with representatives from all of these groups. Staff also engaged the TCMC Executive Committee and Community Advisory Workgroup (CAW) in reviewing project plans and draft ordinance language. The model ordinance has been updated to incorporate feedback from engaged stakeholders. A complete summary of stakeholder feedback received during the focus groups is provided in the attachments.

Implementation of a regional HES ordinance would have a workforce development component. There are currently no Certified HES Assessors in Thurston County. As part of the supporting program development, TCMC staff would work with existing home inspection businesses, housing and energy-related nonprofits, and Pacific Mountain Workforce Development to recruit and train at least eight (8) Certified HES Assessors.

<u>Timeline/Next Steps</u>

If the Board provides direction for staff to review the draft model ordinance with affected departments, the Climate Mitigation Senior Program Manager will return to the Board in one to two months to present findings of staff review and discuss next steps.

Residential Energy Performance Rating and Disclosure Policy

Board of County Commissioners Work Session

October 15, 2025

Background

The Thurston Climate Mitigation Collaborative chose to develop a **Residential Energy Performance Rating and Disclosure Policy** as an initiative for focused regional collaboration in 2024–2025.

Thurston Climate Mitigation Plan (TCMP) Actions:

B1.1 Residential Energy Performance Ratings

B1.2 Residential Energy Assessments

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Benefits of Regional Coordination

All TCMC partners are considering proposed policy for local adoption and implementation.

- Consistent standards to ensure energy performance information is easily comparable across the Thurston region
- Sharing costs and staff resources to develop and implement policy
- Larger impact and more demand to support workforce development (Home Energy Score Certified Assessor jobs)

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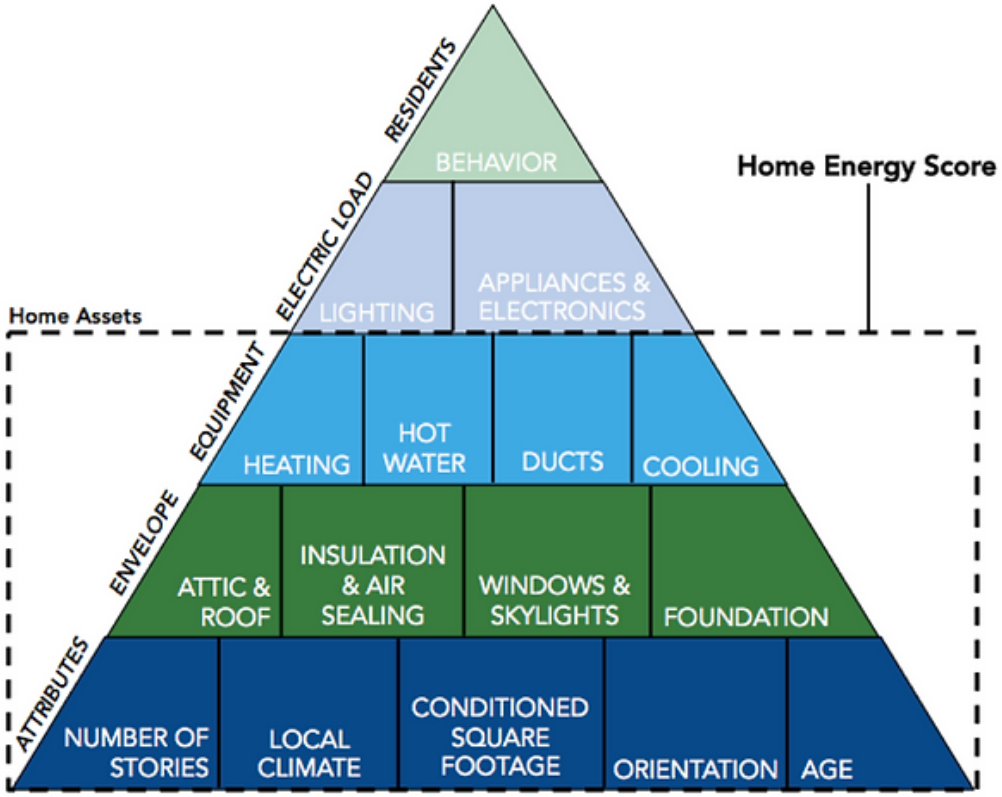
Proposed Assessment Tool: Home Energy Score (HES)

- Nationally standardized home energy rating tool
- Administered by US Department of Energy
- Typically takes 1 hour to complete
- Costs about $150-$300 per assessment



City of Portland HOME ENERGY SCORE

U.S. DEPARTMENT OF ENERGY

THIS HOME'S SCORE **4** OUT OF 10

THIS HOME'S ESTIMATED **ENERGY COSTS**

$1,688 PER YEAR

HOME PROFILE

LOCATION:
5909 NE 25th Ave
Portland, OR 97211

YEAR BUILT:
1942

HEATED FLOOR AREA:
2,300 sq.ft.

NUMBER OF BEDROOMS:
3

ASSESSMENT

ASSESSMENT DATE:
10/14/2020

SCORE EXPIRATION DATE:
10/14/2028

ASSESSOR:
Donald McGee
Home Synergy Solutions LLC

PHONE:
503-381-3159

EMAIL:
donaldjmcgee@gmail.com

LICENSE #:
218308

Flip over to learn how to improve this score and use less energy!

Better Buildings

Home Energy Score

Official Assessment | ID# 323910

The Home Energy Score is a national rating System developed by the U.S. Department of Energy. The Score reflects the estimated energy use of a home based upon the home's structure and heating, cooling, and hot water systems. The average score is a 5. Learn more at HomeEnergyScore.gov.

HOW MUCH ENERGY IS THIS HOME LIKELY TO USE?

Electric: 8,930 kWh/yr.	$1,097
Natural Gas: 629 therms/yr.	$591
Other:	$0
Renewable Generation:	($0)
TOTAL ENERGY COSTS PER YEAR	**$1,688**

How much renewable energy does this home generate?

_____ kWh/yr

THIS HOME'S CARBON FOOTPRINT:

What should my home's carbon footprint be? Between now and 2030, Portlanders should reduce carbon pollution per household to 3 metric tons per year to reach our climate goals.

- Actual energy use and costs may vary based on occupant behavior and other factors.
- Estimated energy costs were calculated based on current utility prices ($0.12/kwh for electricity; $0.94/therm for natural gas; $2.78/gal for heating oil; $2.52/gal for propane).
- Carbon footprint is based only on estimated home energy use. Carbon emissions are estimated based on utility and fuel-specific emissions factors provided by the OR Department of Energy.
- Relisting 2-7 years after the assessment date requires a free reprint of the Report from **us.greenbuildingregistry.com** to update energy and carbon information.
- **This report meets Oregon's Home Energy Performance Score Standard and complies with Portland City Code Chapter 17.108.**

Score **today:**	Score **with priority improvements:**	Estimated **energy savings** with priority improvements:	Estimated **carbon reduction** with priority improvements:
4	**6**	**$159** PER YEAR	**11%** PER YEAR

TACKLE ENERGY WASTE TODAY!

Enjoy the rewards of a comfortable, energy efficient home that saves you money.

- ☑ Get your home energy assessment. Done!
- ☐ Choose energy improvements from the list of recommendations below.
- ☐ Select a contractor (or two, for comparison) and obtain bids. If a new home, discuss with the builder. Checkout **www.energytrust.org/findacontractor** or call toll free **1-866-368-7878.**
- ☐ Explore financing options at **communityenergyproject.org** or **energytrust.org.**
- ☐ Visit the following resources to learn about easy changes you can make today: **communityenergyproject.org/our-services** or **energytrust.org/solutions/insulation-and-air-sealing/**

PRIORITY ENERGY IMPROVEMENTS [1]

FEATURE	TODAY'S CONDITION[4]	RECOMMENDED IMPROVEMENTS[3]
Air Conditioner	10 SEER	When replacing, upgrade to ENERGY STAR
Heating equipment	Natural gas furnace 80% AFUE	When replacing, upgrade to ENERGY STAR
Water Heater	Natural gas	When replacing, upgrade to ENERGY STAR, (EF >= 0.67 or UEF >= 0.64)

ADDITIONAL ENERGY RECOMMENDATIONS [2]

FEATURE	TODAY'S CONDITION[4]	RECOMMENDED IMPROVEMENTS
Attic insulation	Ceiling insulated to R-19	Insulate to R-38 or R-49 if code requires it
Envelope/Air sealing	Not professionally air sealed	Professionally air seal
Solar PV	N/A	Visit www.energytrust.org/solar to learn more
Wall insulation	Insulated to R-0	Fully insulate wall cavities
Windows	Multiple types	When replacing, upgrade to ENERGY STAR
Basement wall insulation	Insulated to R-0	
Cathedral Ceiling/Roof	Roof insulated to R-30	
Duct insulation	Un-insulated	
Duct sealing	Un-sealed	
Floor insulation	Insulated to R-0	
Foundation wall insulation	N/A	
Skylights	Double-pane	

1. To achieve the "Score with Priority Improvements" all recommended improvements in the Priority Energy Improvements section must be completed. All together, these priority improvements have a simple payback of ten years or less.
2. Additional energy efficiency improvements may take longer than ten years to make a return on investment but can have a significant impact on the comfort, efficiency and environmental impact of your home.
3. If your home has an oil furnace it is recommended you replace it with a high efficiency electric heat pump.
4. Today's Condition represents the majority condition for that feature in the home.

Example Home Energy Score Rating

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Benefits of Home Energy Score

Selling your home? Show the value of home energy features

- Ensure a home's listing reflects energy investments that have been made

Buying a home? Know your new home's energy use and costs

- Compare homes and make an informed purchase decision
- Receive a list of energy efficiency upgrades and estimated cost savings
- Access an “EnergySpark” loan and save up to 0.25% on interest rate

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Research & Stakeholder Engagement

Review of resources: "Home Energy Labeling Partnership" of Rocky Mountain Institute and Earth Advantage, Urban Sustainability Directors Network

Interviews: Local government staff (Portland, Milwaukie, Beaverton, and Ashland, OR; Ann Arbor, MI); state and regional agencies (Washington State Housing Finance Commission, Oregon Department of Energy, Bay Area Regional Energy Network)

Stakeholder focus groups: Real estate and home financing professionals, builders/contractors, home energy service providers, low-income service providers, and energy efficiency program managers

TCMC Engagement

- Consensus from Community Advisory Workgroup on policy options
- Executive Committee input, and public comments

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Background research informed the draft policy

- **Assessment Type**: DOE Home Energy Score
- **Energy Performance Reports**: Custom reports, disclosed on real estate listings
- **Trigger Event**: Time of listing
- **Compliance**: Mandatory disclosure
- **Applicability**: Single-family detached dwellings, duplexes, triplexes, quadplexes, cottage housing, townhouses, and attached ADUs
- **Exemptions**: Federal and Tribal land, transfer of real property under 64.06.010 RCW, undue hardship
- **Low-Income Assistance**: Subsidize assessments or exempt low-income residents
- **Effective Date**: One year from date ordinance is passed

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Potential Regional Impacts

*Expected year 1 results of a home energy disclosure policy (moderate impact scenario)**

Year 1 Results	Estimated Value
Homes Rated	2,840
Homes Retrofitted	568
Energy Cost Savings	$316,339
Carbon Reduction (mtCO2)	586
Increased Real Estate Value	$14,481,754
Energy Raters Required (min)	7

** Values estimated using local data with the Home Energy Labeling Impact Calculator provided by Rocky Mountain Institute and Earth Advantage; "moderate impact" scenario.*

Estimated Total Budget for HES Supporting Program

shared among participating jurisdictions

- Program Launch (one-time): $100,000
- Program Management (annual): $25,000

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Next Steps (pending Board direction)

- Review draft model ordinance with potentially affected County departments.
- Board Work Session to review draft ordinance, impacts to County, and potential adoption.
- If adopted, coordinate with TCMC to develop supporting program.

Thank you!

For questions, please contact:

Rebecca Harvey, Climate Mitigation Sr. Program Manager

Ashley Arai, CPED Director

ORDINANCE NO. _____

AN ORDINANCE of the Board of County Commissioners of Thurston County, Washington, adopting a Residential Energy Performance Rating and Disclosure Policy and adding a new chapter entitled Chapter ____ *Residential Energy Performance Rating and Disclosure* to _____, as more particularly described herein.

WHEREAS, climate change has become a crisis posing a serious threat to the survival of the earth and humanity; and

WHEREAS, in 2018 the Board of County Commissioners adopted Resolution No. _____, agreeing to common targets to reduce communitywide greenhouse gas emissions 45 percent below 2015 levels by 2030 and 85 percent below 2015 levels by 2050 to ensure that local communities do their part to keep the global average temperature rising more than 2 degrees Celsius above pre-industrial levels; and

WHEREAS, in 2021 the Board of County Commissioners adopted Resolution No. _____ accepting the *Thurston Climate Mitigation Plan (2020)* as a framework to guide future action addressing local sources of greenhouse gas emissions that contribute to global climate change; and

WHEREAS, in 2021 the Board of County Commissioners adopted Resolution No. 15983 declaring a climate emergency and support for mobilization of community and region wide efforts to mitigate climate change in order to provide a safe environment for future generations; and

WHEREAS, at the 2023 Thurston Climate Mitigation Collaborative (TCMC) Annual Retreat and subsequent Executive Committee meeting on June 26, 2023, the TCMC agreed to advance two regional initiatives for focused regional coordination in 2024: (1) design a Residential Energy Efficiency and Electrification Campaign and (2) develop a Home Energy Score Model Ordinance; and

WHEREAS, in 2024 the Board of County Commissioners approved an Interlocal Agreement among Thurston County and the cities of Lacey, Olympia, and Tumwater to support the implementation of the 2024 TCMC Regional Initiatives; and

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WHEREAS, the TCMC has engaged the TCMC Community Advisory Workgroup, members of the public, and held four focus group discussions with key stakeholders to develop this proposed Ordinance; and

WHEREAS, the TCMC finds that for a home energy disclosure policy to be effective at reducing emissions and informing prospective homebuyers, jurisdiction's codes should be amended to include this requirement.

NOW, THEREFORE, THE BOARD OF COUNTY COMMISSIONERS OF THRUSTON COUNTY, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:

_____ is amended by to include Chapter _____ Residential Energy Performance Rating and Disclosure.

Section 1. Purpose.

The purpose of ~~the~~ Residential Energy Performance Rating and Disclosure is to require that homebuyers be provided with information about residential building energy performance prior to the time of property purchase to enable more informed decisions about the full costs of operating dwelling units and to encourage investments in improvements that lower utility bills, reduce carbon emissions, and increase the comfort, safety, and health of building occupants. This disclosure is in addition to the minimum disclosures described in ~~RCW~~chapter 64.06 RCW.

Section 2. Definitions.

Certain terms, words and phrases shall, whenever used in this chapter, have the meanings defined in this section.

A. "Director" means the director of the Community Planning and Economic Development (CPED) department of the county or their designee.

B. "Energy" means electricity, natural gas, propane, heating oil, wood, or other fuel used for purposes of providing heating, cooling, lighting, water heating, or powering other end-uses in the building and related facilities.

C. "Home energy performance report" means the report prepared by a registered home energy score assessor utilizing the reporting template provided by the director. The report must include the following information:
   1. The home energy performance score, using methods developed by the United States Department of Energy, and an explanation of the score;
   2. An estimate of the total annual energy used in the dwelling unit in retail units of energy by fuel type;

DRAFT

3. An estimate of the total annual energy generated by onsite solar electric, wind electric, hydroelectric, and/or solar water heating systems in retail units of energy, by type of fuel displaced by the onsite generation;
4. An estimate of the total monthly or annual cost of energy purchased for use in the subject building in dollars by fuel type, based on the current average annual retail residential energy price of the utility serving the subject building at the time of the report and the average annual energy prices of nonregulated fuels by fuel type;
5. The current average annual utility retail residential energy price in dollars by fuel type and the average annual energy prices by fuel type;
6. At least one comparison home energy performance score that provides context for the range of potential scores;
7. The identification of efficiency measures that may be installed directly by consumers;
8. The date when the building energy assessment was performed;
9. The name, contact information, and business license number for the registered home energy score assessor who completed the scoring; and
10. Such other information as specified by the director.

D. "Home energy score" means the U.S. Department of Energy's Home Energy Score which is an asset rating based on physical inspection of the dwelling unit or review of the design documents used for the dwelling unit's construction.

E. "Low-income" means any household~~resident~~ of Thurston County earning 80% or less than 80% of the Area Median Income as defined by the U.S. Department of Housing and Urban Development.

F. "Real estate listing" means any real estate listed publicly for sale in the county by a property owner, representative of a property owner, or a Washington state licensed real estate broker/firm. Real estate listings include any printed advertisement, internet posting, or publicly displayed sign, including Regional Multiple Listing Service, Craigslist, Nextdoor and other social media platforms, Redfin, Zillow, Trulia, and other third-party listing services.

G. "Registered home energy score assessor" means a person who has a valid and up-to-date certification from the U.S. Department of Energy as a home energy score assessor and who is registered with the county to provide a home energy

Commented [JB1]: Should this be "household"? For example, if a home owned by a married couple is being sold, would the applicable income for determining whether it's a "low-income" seller be their combined household income or each of their individual incomes, since the definition speaks to an individual "resident" instead of a "household"? What if one spouse makes 80% AMI or less but the combined income is over 80% AMI for the family size?

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performance report. To be registered with the county, a person must meet all registration requirements established by the director.

H. "Sale" means the conveyance of title to real property because of the execution of a real property sales contract. Sale does not include the transfer of real property as defined in code 64.06.010 RCW.~~title pursuant to inheritance, involuntary transfer of title resulting from default on an obligation secured by real property, change of title pursuant to marriage or divorce, condemnation, or any other involuntary change of title effected by operation of law.~~

I. "Seller" means any of the following: any individual or entity possessing title to real property that includes a subject building, the association of unit owners responsible for overall management in the case of a condominium, or other representative body of the jointly owned building with authority to make decisions about building assessments and alterations.

J. "Subject Buildings" means single-family detached dwellings, duplexes, triplexes, quadplexes, cottage housing, townhouses, and attached accessory dwelling units as defined in _____.

Section 3. Authority of the Director.

A. The director shall administer and enforce this chapter's provisions.

B. The director shall adopt rules and regulations, procedures, and forms to implement this chapter's provisions.

Section 4. Home Energy Score Rating and Disclosure for Subject Buildings.

Prior to publicly listing any dwelling unit(s) of a subject building for sale, the seller of the dwelling unit shall:

A. Obtain a home energy performance report for the dwelling unit(s) of the subject building from a registered home energy score assessor;

B. Include the home energy score in all real estate listings and contact information to request the home energy performance report;

C. Append the home energy performance report when attachments are accepted by the listing service;

D. Provide a copy of the home energy performance report to all the following:

1. All licensed real estate brokers/firms working on the seller's behalf; and

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2. Prospective homebuyers and licensed real estate brokers/firms while the subject building is listed publicly for sale; and

E. New construction of subject buildings, at or prior to the time of the first sale.

1. The home energy score may be generated from either design specifications or an on-site inspection.
2. A single home energy performance report may be obtained and replicated for subject buildings constructed within the same land division using identical design specifications with identical features including, but not limited to, floorplan, type and amount of insulation, windows, attic fans, heating and cooling systems, hot water heaters, and appliances.

Commented [JB2]: Suggest making this a new section or revising the language, because it does not follow the other subsections, which specify what a seller must do prior to listing a subject building. This appears to be a different situation applicable to new construction only.

Commented [AW3R2]: ok

Section 5. Exemptions and Waivers.

A. Subject buildings on federal land or tribal land shall be exempt from the requirements outlined in Section 4.

B. The director shall exempt a seller from the requirements of this chapter if the seller submits documentation that the subject building is undergoing a transfer of real property as defined by code 64.06.010 RCW. ~~will be sold through of any of the following:~~

~~1. A trustee's sale;~~

~~2. A deed-in-lieu of foreclosure sale;~~

~~3. Any pre-foreclosure sale in which the seller has reached an agreement with the mortgage holder to sell the property for an amount less than the amount owed on the mortgage; or~~

~~4. Transfer of title pursuant to inheritance, involuntary transfer of title resulting from default on an obligation secured by real property, change of title pursuant to marriage or divorce, condemnation, or any other involuntary change of title caffected by operation of law.~~

C. 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 subject 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 subject building due to financial distress;

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3. The senior mortgage on the subject building is subject to a notice of default; or

4. The seller is otherwise unable to meet the obligations of this chapter as determined by the director.

Commented [JB4]: Legal risk here if the director does not have objective factors guiding the decision-making. I suggest either incorporating objective factors into the code or having the department adopt factors through policy before making any exemption decision on this basis.

Section 6. Expiration

The home energy score is valid for eight years after the assessment date (including new construction assessments as described in Section 4.F.), provided that no changes to mechanical systems, building envelope, energy efficiency or square footage in the home has occurred. For the purposes of this section, an assessment date is the date the assessment was completed.

Section 7. Violation.

It is a violation of this chapter for any person to fail to comply with the requirements of this chapter or to misrepresent any material fact in a document required to be prepared or disclosed by this chapter.

Section 8. Subsidy.

Thurston County shall fully subsidize home energy score audits as required by TMC 5.90 for sellers whose households meet the low income definition of this chapter.~~low-income residents or exempt low-income residents from the requirements in TCM 5.90 Section 4 if no funding is available.~~

Section 9. Limitation of liability.

A. This chapter shall be enforced for the benefit of the health, safety, and welfare of the general public and is not intended to create any class of persons to be benefited or protected nor to create any reliance relationship between the county and property owners, land purchasers, their successors, occupants, or users of structures built with or without a permit, or any other persons.
B. This chapter is not intended to create any duty running in favor of particular persons.

C. The obligations to comply with the provisions of this chapter are upon the property owner and their agents.

D. Acts or omissions to act by the county, its officials, or employees, under this chapter shall not create any liability on the part of the county or its officials or employees, including but limited to actions that would subject them to damages in a civil action.

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E. This chapter is not intended to create a warranty of home energy performance, and functions to provide disclosures only. This chapter is not part of an agreement between a seller and buyer.

Section 10. Corrections. The County Manager and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 11. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 12. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 13. Effective Date. This ordinance shall become effective on May 1, 2026, after passage, approval and publication as provided by law.

ADOPTED this day of , 20 .

ATTEST:

APPROVED AS TO FORM:

Published:

Effective Date:

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MEMORANDUM

TO: Thurston Climate Mitigation Collaborative Community Advisory Workgroup

FROM: Thurston Climate Mitigation Collaborative Staff Team:

Linsey Fields, City of Lacey
Pamela Braff, City of Olympia
Alyssa Jones Wood, City of Tumwater
Rebecca Harvey, Thurston County

DATE: June 20, 2024

SUBJECT: Home Energy Assessment (HES) Model Ordinance Policy Review, Version 2

Actions Taken

At the May 7, 2024 and June 4, 2024 Community Advisory Workgroup (CAW) meetings, the CAW members reviewed an earlier version of this memorandum. By the end of the June meeting, the CAW had reached consensus with all Staff Team recommendations included in this memorandum.

Following those CAW meetings, and utilizing better and more recent data, this memorandum has been updated.

Home Energy Assessment (HES) Model Ordinance Policy Review and Recommendations

A review of policy considerations for a residential home energy assessment and disclosure policy to support the implementation of the Thurston Climate Mitigation Plan and 2024 Thurston Climate Mitigation Collaborative Regional Initiative.

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1. BACKGROUND

Purpose

Energy use in residential buildings accounts for 32 percent of inventoried greenhouse gas emissions in the Thurston region (TRPC, 2022). While recent updates to the Washington State Building code significantly increase energy performance requirements for new residential development, these requirements do not address existing homes, many of which were built to less efficient standards. More than 50% of the homes in Thurston County were built before 1990, with nearly 20% built at least 50 years ago (U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates). The large proportion of older homes in the region suggests that many would benefit from energy- and cost-saving retrofits. Additionally, more than two-thirds of the housing units that will exist in 2050 already exist today, so retrofitting existing homes to improve energy efficiency is a key strategy to meet regional climate mitigation goals (TRPC, 2020).

One of the barriers to improving the energy efficiency of existing housing units is lack of homeowner awareness and information on the energy performance of their properties. Without this information, it is challenging for consumers to prioritize energy efficiency in home purchasing and improvement decisions. To address this challenge, several cities and states have developed residential home energy assessment and disclosure policies/programs. These policies and supporting programs provide homebuyers and occupants with an assessment of home energy performance, expected energy costs, and recommendations for cost-effective improvements to reduce energy use and cost.

A home energy assessment and disclosure program provides homeowners and homebuyers with an assessment of home energy performance, expected energy costs, and cost-effective improvements to reduce energy use and costs. Similar to vehicle mile-per-gallon ratings and home appliance energy guide labels, the home energy label provides a consistent metric to easily compare the energy efficiency of multiple homes. Homeowners and homebuyers can use this information to estimate energy use and costs and identify energy efficiency upgrades to make their homes more comfortable and affordable. By making energy costs transparent to consumers, these types of home energy labeling programs also provide a mechanism for the real estate market to value both energy performance and home energy improvements that reduce the total cost of home ownership.

Long-standing home energy assessment policies have shown that mandatory disclosure successfully encourages investments in energy efficiency and that the policy increases investments made by both sellers and homebuyers (Myers, Puller, & West, 2019). These existing programs and policies provide a valuable foundation for designing and implementing a local disclosure policy in Thurston County (Table 1). The policy research and recommendations included within this report aim to build upon the success of existing programs through the U.S., to design an effective model ordinance for home energy assessments in Thurston County.

Table 1. Review of existing home energy score disclosure policies and programs in the United States.

City/State	Disclosure Policy	Energy Label Used	Notes
Fort Collins, CO (electric utility)	Voluntary	Epic Certificate	Provided by electric utility
State of Connecticut	Voluntary	HES	
State of Massachusetts	Voluntary	Home MPG	
State of Missouri	Voluntary	Home Energy Certification	
Columbia, MO (electric utility)	Voluntary	Efficiency Score	Provided by electric utility
State of Oregon	Voluntary	HES	
Association of Bay Area Governments (through BAYREN)	Voluntary	HES	Program is offered across 9 counties in the Bay Area
Eugene, OR	Voluntary	HES	
Berkeley, CA	Mandatory, Time of Listing	HES	Sellers may defer the assessment requirement to the buyer or complete an energy efficiency or electrification update for alternative compliance
Portland, OR	Mandatory, Time of Listing	HES	
Minneapolis, MN	Mandatory, Time of Listing	Energy Disclosure Report	Combines both energy and water consumption
Austin, TX	Mandatory, Time of Listing	Energy Disclosure Report	Program is offered through Austin Energy Utility
Chicago, IL	Mandatory, Time of Sale	Utility Bills	Program is available to homeowners and renters
Montgomery County, MD	Mandatory, Time of Sale	Utility Bills	
State of Kansas	Mandatory, Time of Sale	Energy Checklist	Only for new construction.
State of South Dakota	Mandatory, Time of Sale	Energy Checklist	Only for new construction.
Hillsboro, OR	Mandatory, Time of Listing	HES	
Milwaukie, OR	Mandatory, Time of Listing	HES	
Bend, OR	Mandatory, Time of Listing	HES	

Key Terms

Home Energy Score (HES): a rating of home energy efficiency developed by the U.S. Department of Energy (US DOE) that is based on physical inspection of the home or design documents used for the home's construction. The HES is an asset rating, which quantifies the energy efficiency of a building based on the home's physical assets rather than occupant behavior.

HES Assessor: a qualified professional who collects information about a home and then utilizes the US DOE Home Energy Score energy modeling software to estimate the annual energy use of the home based on standard methodology and operations as well as local weather patterns. The US DOE certifies Assessors utilizing existing credentials, a simulation, exam, and mentored scoring. Those who have completed the DOE certification are called referred to as a HES Certified Assessor.

Home Energy Performance Report: the report prepared by a Certified home energy Assessor using either the US DOE reporting template or a regionally created custom reporting template.

Policy Goals

By working together to design and propose a regional home energy assessment and disclosure policy for consideration by the Thurston Climate Mitigation Collaborative (TCMC) Jurisdiction Parties, the TCMC aims to achieve the following goals:

- Develop and adopt a regionally consistent policy for the assessment and disclosure of residential energy performance ratings and reports. Note: this initiative only includes the development of a model ordinance. The Jurisdiction Parties (Lacey, Olympia, Tumwater, and Thurston County) may individually consider adoption of the proposed policy in early 2025.
- Provide a framework for Thurston residents residing in single-family, duplexes, triplexes, courtyard apartments, and townhomes to learn about their home energy performance, expected energy costs, and cost-effective improvements to reduce energy consumption and the cost of home ownership/occupancy.
- Connect single-family, duplex, triplex, courtyard apartment, and townhome homeowners/occupants to existing and forthcoming resources, guidance, and incentives to simplify energy efficiency retrofits.
- Capitalize on the unprecedented federal and state funding available to make energy efficient home improvements.
- Support energy equity and housing affordability by providing subsidized home energy assessments and additional resources for low- and moderate-income homeowners.
- Increase implementation of home energy efficiency and electrification upgrades and retrofits.
- Develop a monitoring and reporting system to track implementation of home energy assessments and energy efficiency upgrades.
- Provide a mechanism for the real estate market to value both home energy performance and home energy improvements that reduce the cost of homeownership/occupancy.

It is important to acknowledge that no single policy or program can achieve all necessary reductions in residential energy use. The proposed home energy assessment and disclosure policy is one of many strategies that can assist with reducing energy use and greenhouse gas emissions from residential buildings.

2. POLICY CONCEPTS

Key considerations for the design of a home energy score policy include the type of information that is disclosed, the timing of disclosure, suitable use cases and exclusions, and any provisions for low-income subsidies. This section describes options and staff recommendations for these policy parameters. A summary of key policy concepts and recommended approaches is provided in Table 2, followed by a description of each policy option in the sections below.

Background and recommendations for the design of this policy were informed by resources from the "Home Energy Labeling Partnership" developed by Rocky Mountain Institute and Earth Advantage, the Urban Sustainability Directors Network, as well as conversations with staff from local governments (Portland, OR, Milwaukie, OR, Ann Arbor, MI, Beaverton, OR, Ashland, OR) and partner organizations (Earth Advantage, Washington State Housing Finance Commission) experienced in home energy labeling programs.

Table 2. Key policy concepts and recommendations for a Home Energy Score model ordinance.

Policy Concept	Recommendation
This section summarizes the staff recommendations for key policy concepts associated with a home energy assessment and disclosure policy.	
Regional Coordination	• To provide consistent standards across jurisdictions and ensure that energy performance information is easily comparable across the Thurston region, partner jurisdictions should prioritize the development of a regionally coordinated home energy score policy and program.
Assessment Type	• **Asset Ratings**: To provide consistent and objective energy performance information that can be easily compared across multiple homes, energy performance information should be disclosed in the form of asset ratings. • **DOE Home Energy Score (HES)**: To provide the most affordable and easily implemented energy assessment, home energy performance should be assessed using the US Department of Energy's Home Energy Score (HES).
Energy Performance Reports	• **Custom Energy Reports:** To maximize the potential for implementation of identified cost-effective improvements, the Thurston Region should design and standardize the use of a custom Energy Report (example Appendix C) that goes above and beyond the US DOE standard Energy Performance Report (Appendix B). Additional information that could be included on the Custom Energy Reports include the carbon footprint of the home, indoor air quality or resilience improvements, and information about local, state, and federal incentive programs to facilitate some of the cost-saving measures and/or electrification options. • **Energy Report Disclosure**: To provide prospective buyers with a high level of access to home energy and cost savings information, HES reports should be made widely available. HES reports should be disclosed through the

	multiple listing service (MLS)[1], included on real estate listings (printed advertisements, internet postings, and third-party listing services) via listing marketing remarks, and provided to real estate agents and prospective buyers as a supplement.
Trigger Event	• **Time of Listing**: To ensure prospective buyers can compare the energy efficiency of all homes and integrate energy efficiency upgrades within home financing, home energy information should be disclosed at the time of listing.
Compliance	• **Mandatory Disclosure**: To ensure widespread adoption of the home energy score, staff recommend adopting a mandatory disclosure policy, with a non-compliance penalty of $500 or greater. • **Non-Compliance Warning**: To ensure that all homes disclose a home energy score before being purchased by a new buyer, warning letters for non-compliant listings should be sent as soon as possible after listing. The frequency with which staff can provide warnings will depend on staff workload and capacity. • **Non-Compliance Timeline**: Given that the time to sell a house in Thurston County is between 35 and 47, the timeline to trigger non-compliance penalties should be no longer than 30 days of receiving a written warning.
Applicability and Exemptions Note: Assumes use of DOE Home Energy Score. Suitable use cases may vary for different energy assessment tools.	• **Suitable Housing Types**: To ensure energy performance information is widely available, the policy should be applied to all suitable existing homes. The current HES tool can be applied to the following housing types: detached single dwelling units and any attached single dwelling unit, where the unit extends from foundation to roof, such as row house, attached house, duplex, or townhouse. Housing types not suitable for the HES tool, including mobile homes, manufactured homes, or floating homes, and units in a stacked configuration should be exempt. • **New Construction**: To increase consumer awareness of energy performance and better allow comparison of multiple homes, staff recommend that newly constructed homes also be required to disclose a home energy score. • **Exemptions for Certified High-Efficiency Homes**: Homes already certified to a high-efficiency standard may be exempt[2]. These standards will need to be explicitly defined.

[1] The Staff Team received feedback from a CAW member with experience in real estate that the HES score should be added as a voluntary green field within the NWMLS. There should be a Yes/No checkbox to state if there is a HES score, the date in which the score was obtained, and an entry for the score. Additional access to the HES Performance Report could be requested by a buyer.

[2] What standards would be accepted still needs to be determined.

	• **Exemptions for Distressed Sales**: Certain distressed sale situations should be exempt from the energy disclosure policy. These exemptions will need to be explicitly defined. • **Low-Income Sellers**: Rather than exempting low-income households, jurisdictions should subsidize the cost of obtaining a home energy score for low-income sellers.
Low-Income Assistance	• To ensure energy performance assessments are not overly burdensome to low-income sellers, staff recommend contracting with a community partner, to provide free home energy assessments for income-qualified sellers (and/or identifying other mechanisms to prevent barriers for low-income households).
Effective Date	• The Staff Team recommends that the model ordinance include an effective date one calendar year from the date the ordinance is passed by any jurisdiction. A one-year delay would provide sufficient time for stakeholder outreach to inform community members of the upcoming requirement and ensure the availability of certified energy assessment providers.

Regional Coordination

Regional Coordination Options

A residential energy performance rating disclosure policy could be developed and adopted by individual jurisdictions or as a regionally coordinated policy across all partner jurisdictions.

- **Individual jurisdictions develop and adopt unique home energy score policies**. Individual jurisdictions may choose to develop their own energy score policy, with unique policy requirements, exceptions, and procedures, or opt out entirely. While this approach would allow jurisdictions to develop custom policies that best suit their individual needs or goals, the local housing market is not constrained to individual jurisdictions. Inconsistent policies and requirements would likely it would likely result in substantial confusion for local home buyers, sellers, realtors, and energy assessors.
- **All TCMC partners develop and adopt a consistent home energy score policy**. A unified approach would provide consistent requirements that are easy to understand, and ensure that energy performance information is widely available and easily comparable across jurisdictions. A large regional program would also support the development of a robust energy assessor market to provide the required home energy score assessment.

  Several regions have implemented regionally coordinated Home Energy Score disclosure programs. For example, the Bay Area Regional Energy Network (BayREN) has developed a voluntary HES program, which includes a $200 rebate. BayREN is a regional collaborative serving the nine counties across California's Bay Area. The BayREN collaborative is funded by utility ratepayer funds through the California Public Utilities Commission and is intended to fill service gaps for "hard to reach" customers that the investor-owned utility does not intend to reach or isn't currently reaching.

While not initially coordinated as a regional effort, Portland, OR and two of its suburbs (Hillsboro and Milwaukie) have all adopted similar HES policies. After the City of Portland's early success with HES, the neighboring City of Milwaukie adopted its own ordinance in January 2020. The City of Hillsboro adopted its own ordinance in 2021. The three jurisdictions all use HES as their standard rating system, use similar and in many cases identical Ordinance language, and subsidizes HES assessments for income qualified households through the same nonprofit community partner.

Staff Recommendation

- To provide consistent standards across jurisdictions and ensure that energy performance information is easily comparable across the Thurston region, partner jurisdictions should prioritize the development of a regionally coordinated home energy score policy and program.

Assessment Type

Energy Disclosure Options

Home energy performance can be evaluated and reported as operational data or asset ratings.

- **Operational data use the home's past utility bills as an indication of home energy use and costs**. Although operational data is often simple to provide and may be more familiar to consumers, it is heavily dependent on occupant behavior and therefore a poor predictor of future energy costs. Operational data also does not include recommendations for cost-effective energy improvements.
- **Asset ratings quantify the energy efficiency of a building based on the home's physical assets (e.g., size, envelope, and heating/cooling equipment).** Asset ratings are typically completed by professional energy assessors through on-site evaluations. This approach provides objective energy efficiency information that is independent of occupant behavior. An asset score allows prospective buyers and homeowners to compare the energy performance of multiple homes based on their assets, rather than how they are operated by current occupants. Asset ratings are generally considered to be a more effective representation of home energy performance but require developing a trained assessor workforce to ensure effective service delivery.

Asset Rating Tool Options

If home energy performance is disclosed in the form of asset ratings, a consistent rating tool must be selected. The two most common rating tools are the Home Energy Score (HES) and the Home Energy Rating System (HERS) Index.

- **Home Energy Score (HES)** is a nationally standardized home energy rating tool geared towards existing homes, administered by the US Department of Energy. HES assessments typically take 1 hour and cost about $150-$300 per assessment.
- **Home Energy Rating System (HERS**) is a nationally standardized home energy rating tool geared towards new homes, administered by the Residential Energy Services Network. HERS assessments typically take 2-4 hours and cost about $500-$1,000. While commonly used for new construction, the HERS system can be challenging and expensive to implement in older homes.

Table 3. Comparison of home energy assessment asset rating tools.

Asset Rating System	Time to Complete Assessment	Typical Cost	Type of Home	Administered by
HES	~ 1 hour	$150 - $300	Existing	US Department of Energy (DOE)
HERS	2 – 4 hours	$500 - $1,000	New Construction	Residential Energy Services Network (RESNET)

The HES system is the most commonly utilized asset rating for local government home energy assessment and disclosure policies in the United States (Table 1). Virtually all municipal-level, mandatory home energy disclosure programs that are carried out by local governments (as opposed to an energy utility) utilize HES. Two anomalies exist: Chicago and Minneapolis. Minneapolis, MN created a report that integrates water conservation with energy conservation. Chicago opted to disclose operational data (energy bills) as opposed to an asset rating. Most voluntary programs at the municipal level also utilized HES. For more details about what elements are considered in an HES assessment[3], please see Figure 1.

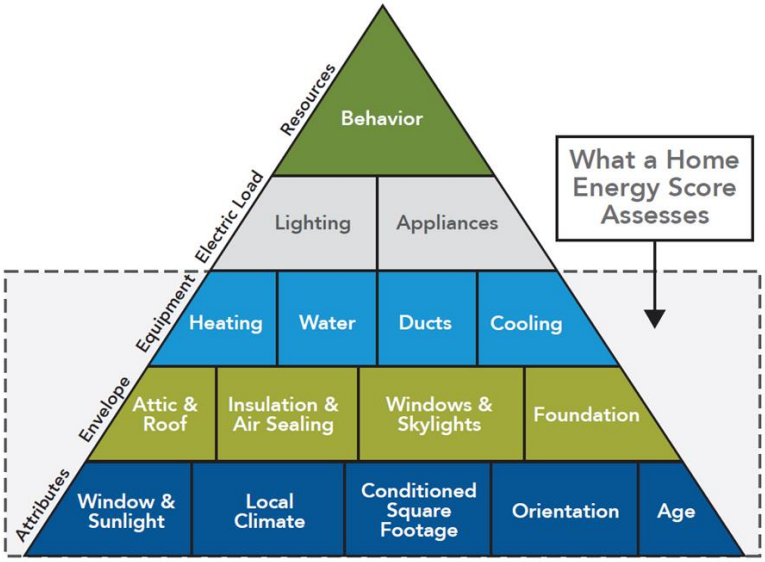

Figure 1: Components included in the HES model.
Source: U.S. Department of Energy

Staff Recommendation

- To provide consistent and objective energy performance information that can be easily compared across multiple homes, energy performance information should be disclosed in the form of asset ratings.
- Staff recommend that the model ordinance utilize the US DOE HES rating tool, which is an asset-based rating system. HES is the most commonly used rating system in local government energy

[3] To review the full methodology utilized in calculating a Home Energy Score see Home Energy Score Scoring Methodology (2021).

assessment and disclosure policies, can be easily applied to existing homes, and has a lower cost than other assessment types. Furthermore, the 2024 Regional Initiative selected by the TCMC explicitly identified the Home Energy Score (HES) as the preferred assessment tool.

- To ensure consistency with state legislative efforts, Staff further recommend the US DOE HES rating tool. In both the 2023 and 2024 Legislative Sessions, bills have been introduced to designate HES as the statewide home energy assessment tool for any local policy.

Energy Performance Report

Report Options

The Home Energy Performance Report can be documented used the standard DOE HES Report or a through a custom-designed Report.

- **Standard DOE Report Template.** The Standard US DOE Home Energy Performance Report (see Appendix B) includes:
    - An energy efficiency score based on the home's envelope;
    - A total energy use estimate and estimates by fuel type;
    - Recommendations for cost-effective improvements and associated annual cost savings estimates (estimated at a 10-year payback period); and
    - A "score with improvements" reflecting the home's expected score if cost-effective improvements are implemented.
- **Custom Report Template.** Most jurisdictions with HES ordinances have created improved custom report templates which meet and exceed the standard US DOE required information. Additional information included in these custom report templates include recommended improvements linked to local utility program incentives, the carbon footprint of a home, and follow-up steps or resource links. Custom reports may be able to factor in the cost-savings of local, utility, state, and federal incentives into determining cost-effective improvements, which the Standard DOE Report Template does not currently consider. See Appendix C for an example of a customized HES report.

In most examples, printed and electronic Home Energy Performance Reports expire eight years from the date of the assessment. Additionally, Home Energy Performance Reports are void and invalid after an alteration or remodel of the home that affects the heated square footage, the quality and type of windows, insulation, HVAC equipment, or remodeled spaces such as basement or attic, or other changes that are reasonably expected to impact the HES and associated estimates of energy use.

Once a Home Energy Performance Report has been completed, in the case of Portland, Bend, Milwaukie, and Hillsboro, the HES Performance Report must be publicly disclosed on the Green Building Registry website and then it is the responsibility of the seller to ensure the listing agent also includes the Home Energy Performance Report in the real estate listing. Through efforts by the Northwest Energy Efficiency Alliance, the Greater Puget Sound region's Northwest MLS includes green fields, including those for inputting various energy scores. Requiring both the disclosure on the Green Building Registry website and in all real estate listings ensures that even if the seller is non-compliant with including the information on the real estate listing, the Home Energy Performance Report is still publicly available should a prospective buyer search for the address. Additionally, disclosure on the website also allows

future tenants of any property that has undergone the HES process to also access that information regardless of ownership.

Staff Recommendation

- The Staff Team recommends that the TCMC develop a report template unique to Thurston County which includes a carbon footprint calculation and incentive/rebate information in addition to all required US DOE information. Incentive/Rebate information would include national, utility, and local incentives.
- Staff recommend that any report should have an expiration date of 8 years, unless a remodel or alteration has taken place on any elements included in the HES assessment (see Figure 1).
- To provide prospective buyers with a high level of access to home energy and cost savings information, HES reports should be made widely available. HES reports should be disclosed through the multiple listing service (MLS), included on real estate listings (printed advertisements, internet postings, and third-party listing services), and provided to real estate agents and prospective buyers.

Trigger Event

Tigger Event Options

Trigger events refer to the time at which disclosure of home energy information is required. Trigger events are typically at time of listing or time of sale.

- **Disclosure at time of sale requires energy information to be disclosed to the expected home buyer at or before time of closing.** Providing energy information at the time of closing (i.e., beginning of a new homeownership cycle) can increase the likelihood of a new homeowner investing energy efficiency upgrades. However, a time of sale disclosure is too late in the real estate transaction to include energy improvements in mortgage products. It is also too late to allow prospective buyers to compare homes and make informed decisions. Time of sale disclosure policies may also complicate or delay real estate closings.
- **Disclosure at time of listing requires energy information to be disclosed at the earliest possible stage in the real estate transaction process, making the information more actionable for prospective buyers and the market.** Early disclosure allows buyers to compare the energy performance, expected energy costs, and recommended efficiency upgrades for all prospective homes. The disclosure should be available to any interested buyers as a supplement to the listing. With early access to home energy scores, buyers can finance recommended energy improvements as a part of a new mortgage with Fannie, Freddie, and FHA products. By disclosing energy information as soon as possible, this approach provides a direct link to home valuation and market transformation, and will not interfere with or delay closings.

Staff Recommendation

- To ensure prospective buyers can compare the energy efficiency of all homes and integrate energy efficiency upgrades within home financing, staff recommend that home energy information should be disclosed at the time of listing.

Compliance

Compliance Options

Energy information may be disclosed through voluntary or mandatory policies and programs.

- **Voluntary disclosure programs can offer energy reports at any time for voluntary use in the real estate market, but may be targeted towards specific trigger events**. Voluntary programs generally achieve significantly lower levels of market adoption than mandatory policies and require significant incentives, subsidies, and marketing to drive demand. Historically, no jurisdiction has been fully successful at creating a functioning voluntary market based only on consumer demand for energy labels.
- **Mandatory disclosure policies require home energy information to be provided and specify what information, when, and to whom it must be disclosed**. Mandatory programs generally achieve much higher levels of market adoption and better support market transformation by making home energy information widely available. Mandatory programs are also typically less expensive to administer if customers pay for the cost of the energy labels.

Non-compliance Penalty Options

Mandatory home energy labeling policies typically include non-compliance fines or penalties. Important considerations for determining non-compliance penalties include the local housing market and average cost of home energy score assessments.

- **Non-compliance penalties should be strong enough to encourage compliance (i.e., greater than the cost of obtaining the assessment), but not overly burden low- to moderate-income households**. The most common approach is to set a standard rate, typically about $500 (Table 2). This is about twice the cost of typical home energy score assessments ($150-$300). Non-compliance fines can also be set as a percentage of the home listing price. This approach may help encourage compliance for all sellers, while reducing the burden on lower-income sellers, but can complicate program design and enforcement.
- **The timeline to trigger non-compliance penalties should be determined based on market trends (i.e., average days on market).** Listed homes in Thurston County remain on the market between 35 and 47 days, depending on the location, so a short timeline is critical to ensure compliance before homes are purchased by a new buyer. Warning notices for non-compliant homes should be sent as soon as possible so sellers have time to act and disclose a score to prospective buyers.

Staff Recommendation

- To ensure widespread adoption of the home energy score, staff recommend adopting a mandatory disclosure policy, with a non-compliance penalty of $500.
- To ensure that all homes disclose a home energy score before being purchased by a new buyer, warning letters for non-compliant listings should be sent as soon as possible after listing. The frequency with which staff can provide warnings will depend on staff workload and capacity.
- Given that the average number of days from listing a home for sale and entering contract is 35 days, the timeline to trigger non-compliance penalties should be no longer than 30 days of receiving a written warning.

- Staff recommend that the ordinance also grant discretion to the jurisdiction's Authorizing Official (such as a City/County Manager or Planning Director) to adjust the penalty in the event of extenuating circumstances (e.g., availability of HES Assessors).

Table 4. Examples of non-compliance fines and disclosure requirements for jurisdictions with mandatory home energy scoring policies.

Jurisdiction	Trigger Event	Non-compliance Fines	Time to trigger penalties	Disclosed information
Austin, TX	Time of sale	$500 - $2,000	By time of sale	Audit of home conditions that influence energy performance, not a Home Energy Score or asset rating.
Berkeley, CA	Time of listing	$110 fee to defer to buyer and $85 late fee	If deferred, buyer has 6 months to complete energy assessment.	Custom Energy Score Report based on the DOE Home Energy Score.
Portland, OR	Time of listing	$500	90 days from written warning	Custom Energy Score Report based on the DOE Home Energy Score.
Milwaukie, OR	Time of listing	$500	30 days from written warning	Custom Energy Score Report based on the DOE Home Energy Score.

Applicability and Exemptions

Applicability and Exemption Options

Energy score requirements typically apply to most homes able to be scored with the selected home energy rating tool. Certain homes may be exempted from an energy score policy due to the suitability of the energy rating tool, previous certification of high energy efficiency, or distressed sale situations.

- **Considerations for exemption of certain home types.** The recommended HES rating tool is suitable for detached single-dwelling units and attached dwelling units that extend from foundation to roof (e.g., duplex, rowhouse, or townhome). The tool is not suitable for homes in a stacked configuration with other units above or below. It is also not suitable for mobile, manufactured, or floating homes.
- **Considerations for exemption of homes already certified to high-efficiency standards.** Many jurisdictions exempt homes that have already received home energy scores through an alternative energy audit or scoring program. For example, Berkeley, CA exempts homes participating in the Energy Upgrade California Program, and Portland, OR exempts homes that have received an Energy Trust of Oregon Energy performance score.

  Homes may also be exempted if they have already been certified to meet high energy efficiency standards through other certification programs. For example, the City of Berkeley's Building Energy Saving Ordinance (BESO), exempts buildings that have completed a verified home energy upgrade or rating such as Net Zero Energy or Passive House. In Portland, high-performance homes that are certified by other green building programs like LEED, may apply for a waiver for two years.

- **Considerations for exemption of new construction.** Some home energy score policies may exempt new construction under the assumption that new homes are more energy efficient. For example, in Austin, TX HES audits are only required for homes that are 10 years old or older.

  However, the purpose of a home energy score is not just to encourage energy efficiency improvements, but also to inform prospective buyers of energy performance and expected energy costs. Exempting new construction prevents prospective buyers from comparing the energy performance and cost of new and existing homes. Most of the home energy score policies evaluated for this review also apply to new construction (e.g., Berkeley, Portland, and Milwaukie).

  In Portland and Milwaukie, newly constructed (in the current year) identical homes—meaning the floor plans, amount and type of insulation, windows, attic fans, heating and cooling systems, hot water heaters, and appliances are 100% identical—may use the same Home Energy Performance Report. HES for new homes can be obtained pre-construction using construction plan sets.

- **Considerations for exemption due to distressed sale situations.** Many energy disclosure policies include exemptions for distressed sale situations. For example, the cities of Portland and Milwaukie exempt the following transactions "trustee's sales, deed-in-lieu of foreclosure sales, and pre-foreclosure sale in which the seller has reached an agreement with the mortgage holder to sell the property for an amount less than the amount owed on the mortgage". Rather than providing exemptions for low-income sellers, many jurisdictions subsidize the cost of home energy assessments for low-income constituents.

Staff Recommendation

- To ensure energy performance information is widely available, staff recommend that the HES Policy apply to all suitable building types. This includes all detached single dwelling units and any attached single dwelling unit, where the unit extends from foundation to roof, such as row house, attached house, duplex, or townhouse.
- Housing types not suitable for the HES tool, including mobile homes, manufactured homes, or floating homes, and units in a stacked configuration should be exempt.
- Homes already certified to a high-efficiency standard may be exempt. These standards will need to be explicitly defined.
- To increase consumer awareness of energy performance and better allow comparison of multiple homes, staff recommend that newly constructed homes also be required to disclose a home energy score.
- Certain distressed sale situations should be exempt from the energy disclosure policy. These exemptions will need to be explicitly defined.
- Rather than exempting low-income households, jurisdictions should subsidize the cost of obtaining a home energy score for low-income sellers.

Low-Income Subsidies

Home energy scores provide energy cost visibility, so that all households, including low-moderate income households, are better informed of the total cost of home ownership. This can help prevent scenarios where new occupants are unprepared for unaffordable utility bills. To ensure that energy

performance information is widely available, and not overly burdensome to obtain, many jurisdictions with residential energy performance disclosure policies provide financial assistance for low-income residents to obtain a Home Energy Performance Report.

Subsidy Options

Options for subsidizing the cost of home energy assessment for low-income households meeting certain criteria include:

- **Directly covering the cost of the home energy assessment.** In Portland, energy assessments for income qualified sellers are completed by authorized Home Energy Assessors under an agreement with the Community Energy Project. In the first 30 months of the program, 89 sellers applied for this service and 80 met the eligibility requirements, well-below 1% of total homes scored in this time-period (City of Portland, Oregon Bureau of Planning and Sustainability, 2020).
- **Encouraging realtors/selling agents to provide financial incentives.** Anecdotal evidence from Portland suggests that in some cases, real estate agents will obtain the home energy score on behalf of their clients.
- **Partnering with a local utility or third-party provider to offer free assessments.** In Minneapolis, low-income sellers can access a free energy inspection through an existing utility energy audit program (this program is already free for low-income households). In the Thurston County region, Puget Sound Energy previously offered a home energy assessment program, but it was discontinued in July 2020.

Table 5. Examples of home energy assessment financial assistance programs for low-income households.

Jurisdiction	Subsidy Program	Notes
BayREN, CA	$200 rebate not tied to income	BayREN's program is voluntary.
Berkeley, CA	Alternative compliance pathway	Offers compliance with the ordinance if the seller can demonstrate participation in income-qualified Weatherization Assistance programs, Low-Income Home Energy Assistance Programs (LIHEAP), the US DOE Weatherization Assistance Program, or utility Energy Saving Assistance Programs.
Portland, OR	Free HES in partnership with local non-profit for residents with household incomes at 60% or below area median income for the Portland metropolitan statistical area	Subsidy program is entirely managed by a third-party non-profit, Community Energy Project, but funded by the City of Portland.
Bend, OR	Free HES in partnership with local non-profit for residents with household incomes at 80% or below area median income	Subsidy program entirely managed by a third-party non-profit, Neighbor Impact.
Hillsboro, OR	Free HES in partnership with local non-profit for residents with household incomes at 80% or below area median income	This subsidy is available to homeowners at any time and is also available to renters, with written landlord approval. Hillsboro works with the same non-profit that Portland does.
Milwaukie, OR	Free HES in partnership with local non-profit for residents with household incomes at 80% or below area median income.	Subsidy program is entirely managed by a third-party non-profit, Community Energy Project. The non-profit also provides free education opportunities, supplies, and home energy upgrades and repairs for qualifying residents. Milwaukie works with the same non-profit that Portland does.

Staff Recommendation

- To ensure energy performance assessments are not overly burdensome to low-income sellers, staff recommend contracting with a community partner, to provide free home energy assessments for income-qualified sellers (and/or identifying other mechanisms to prevent barriers for low-income households).
- Income qualification scenarios will need to be explicitly defined.
- Rather than collecting and assessing income information, eligibility for low-income subsidies may be determined based on participation in existing programs. Examples of accepted forms of eligibility proof may include a copy of the participant/family's free or reduced lunch letter,

DSHS/SNAP/TANF food assistance letter, SSI documentation, DSHS Respite Care documentation, Income Verification, or Lifeline Utility bill.

4. EXPECTED IMPACTS

Expected impacts of the recommended program design were calculated using the Home Energy Labeling Program Impact Calculator provided by Rocky Mountain Institute and Earth Advantage.

Workforce

HES and Home Energy Performance Reports can only be completed by HES Certified Assessors. To become a Certified Assessor, one must:

1. Hold a relevant credential[4];
2. Complete the HES Simulation training and exam; and
3. Score their first home with a mentor within six months of passing the simulation and exam.

Depending on the compliance rate, the number of homes rated annually is expected to range from 2,4341 to 3,245 and would require 6 to 8 full-time assessors to meet the demand for energy scores.

While several companies in Thurston County provide home energy assessment services, there is currently only one HES Certified Assessor in Washington State[5]. This is typical for a region without a Home Energy Assessment policy or program. Most regions that have implemented HES disclosure policies have seen a significant increase in the number of local certified energy assessors, following the adoption of a new HES policy or program. Supporting this workforce development is a critical step to ensure the success of any new HES policy.

Most jurisdictions depend on the private sector to respond to the demand for HES Assessors. Thurston County's local workforce development agency, Pacific Mountain Workforce Development, has expressed interest in helping grow a workforce to meet this future need. Several local nonprofits, including Olympia Community Solar[6] and South Puget Sound Habitat for Humanity, are also currently working to certify some of their employees for HES assessments.

Other cities have utilized a public model to provide home energy assessments. For example, the City of Ann Arbor, MI has hired two full-time Home Energy Assessors (funded by the City's climate tax revenues) to provide assessment free of charge. Residents of Ann Arbor are also welcome to hire outside private Home Energy Assessors if they choose.

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[4] To see a full list of relevant credentials visit https://betterbuildingssolutioncenter.energy.gov/home-energy-score/become-assessor

[5] Puget Sound Energy (PSE) previously provided free home energy assessments to residential utility users; however, as of 2024 this program is longer active. However, PSE has recently launched a Home Electrification Assessment program for PSE natural gas customers which results in an energy saving home improvement plan with guidance on how to go electric.

[6] Olympia Community Solar has reported that their costs to become a Home Energy Score Certified Assessor is $1,400 per person for training and $12,000 for startup equipment.

Housing and Climate Impacts

The number of homes retrofitted each year could range from 367 to 1,468 homes, resulting in up to $820,304 in total energy cost savings and 2,933 tons of CO_2 emissions avoided. Total energy cost savings and greenhouse gas reduction would compound annually as an increasing percentage of homes are assessed and retrofitted. Energy performance upgrades would also increase business for local builders and home performance contractors.

Table 6. Expected year 1 results of a home energy disclosure policy.

	Estimated Value		
Year 1 Results	**Low Impact**	**Moderate Impact**	**High Impact**
Homes Rated	2,434	2,840	3,245
Minimum Energy Raters Required	6	7	8
Homes Retrofitted	243	568	649
Energy Savings (MmBtu)	2,819	13,157	15,036
Energy Cost Savings	$67,787	$316,339	$361,530
Carbon Reduction (mtCO2)	126	586	670
Increased Real Estate Value	$4,965,173	$14,481,754	$19,860,691

Source: Values estimated using local data with the Home Energy Labeling Impact Calculator provided by Rocky Mountain Institute and Earth Advantage. Calculator and sources available upon request.

The estimated low impact scenario assumes a low retrofit rate (10%), a low energy savings rate (10%), a low value increase for retrofitted homes (4%), and low compliance with the regulation (60%).

The estimated moderate impact scenario assumes a moderate retrofit rate (20%), a moderate energy savings rate (20%), a moderate value increase for retrofitted homes (5%), and moderate compliance with the regulation (70%).

The estimated high impact scenario assumes a high retrofit rate (30%), a high energy savings rate (30%), a high value increase for retrofitted homes (6%), and high compliance with the regulation (80%).

Mortgage and Tax Benefits

A HES Home Energy Performance Report can serve as documentation for federal lending products. FannieMae's HomeStyle Energy Mortgage allows borrowers to finance energy efficiency improvements, using the Home Energy Performance Report as the basis. Borrowers can also qualify for a stretch on their debt-to-income ratios for HomeStyle Energy and other Federal Housing Administration loan products.

The Washington State Housing Finance Commission also offers an "Energy Spark Home Loan" which dovetails with the First Time Homebuyer program providing downpayment assistance. Homebuyers must have a household income under $180,000 and be purchasing a home that can be upgraded for 10% energy savings over its current use based on a home energy assessment.

In 2023 the Internal Revenue Service released guidance on how taxpayers may claim the "Energy Efficient Home Improvement Credit" for Home Energy audits, made possible through the Inflation Reduction Act. The home energy audit tax credit offers 30% of the cost of a home energy audit, up to $150 per year. HES audits completed by a HES Certified Assessor qualify for this tax credit. Additional

rebates and incentives created through the Inflation Reduction Act may help homeowners pay for the cost-effective improvements identified through their HES audit.

Impacts on Home Sales and Loan Delinquency

Researchers studying the Energy Conservation and Audit and Disclosure ordinance in Austin, Texas, which has been in place for more than 10 years, found that mandatory disclosure created a premium for energy-efficient homes by daylighting the value of these attributes and lead to higher participation in energy efficiency programs (Portland, 2020). Researchers have found that a one-point increase in HES was associated with a 0.5% increase in sale price, and likewise higher estimated annual energy bills were associated with a decrease in sales price (Pigman, Season, Wallace, et al., 2023).

A study of Portland, OR's program between 2018 and 2021 found that buyers are willing to pay more for energy efficiency when purchasing a home and that buyers are willing to pay more for energy efficiency when the assessment is published in real estate listings (Breshears, 2022).

Researchers also found that a one-point increase in HES was associated with a 5.5% reduction in the odds of a loan going 30 days delinquent if the loan originated after an assessment occurred (Pigman, Season, Wallace, et al., 2023). Similarly, researchers found that a $100 decrease in estimated annual energy bills was associated with a 2.3% decrease in the odds of a loan going delinquent if it originated after the assessment occurred (Pigman, Season, Wallace, et al., 2023).

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APPENDIX A

LOCAL HOUSING MARKET

Housing Type, Occupancy, and Ownership

There are 118,571 housing units across Thurston County (U.S. Census Bureau, 2022). Most dwelling units are detached single-family (U.S. Census Bureau, 2022), and nearly two-thirds of housing units were owner-occupied in 2020. The largest owner-occupied housing type in Thurston County is single-family detached (87%). Buildings with two or more units, most of which would be excluded from the recommended program design, due to limitations of the recommended assessment tool, are almost exclusively rented.

Note: The recommended program design (described in Section 2) would apply only to dwelling units that own the space from foundation to attic (i.e., most single-family homes, including attached duplex and townhouse-style units). Mobile homes and stacked multifamily homes would be exempt as they are not suitable for the recommended DOE Home Energy Score (HES) tool.

Table A1. Thurston County housing units by building and occupancy type in 2020.

Building Type	Number of Housing Units	Percent	Occupancy Type	
			Owner (%)	Renter (%)
Single Family Detached	80,215	68%	86.7%	13.3%
Single Family Attached	4,705	4%	2.2%	97.8%
Duplex	2,867	2%	0.5%	99.5%
Multi-family	21,303	18%	0.7%	99.3%
Manufactured Homes	9,481	8%	9.9%	90.1%
Total Occupied Units	**109,983**	**100%**	**65.8%**	**34.2%**

Source: U.S. Census Bureau, 2022

Housing Age

More than 50% of the homes in Thurston County were built before 1990, with nearly 20% built at least 50 years ago (U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates). The large proportion of older homes in the region suggests that many would benefit from energy- and cost-saving retrofits.

Table A2. Age of Thurston County housing units.

Home Built	Number of Units	Percentage of Total Housing Units in Thurston County
1939 or earlier	5,288	4.5%
1940 to 1959	8,123	6.9%
1960 to 1979	25,808	21.8%
1980 to 1999	37,639	31.7%
2000 to 2009	23,438	19.8%

2010 to 2019	16,569	14.0%
2020 or later	1,706	1.4%

Source: U.S. Census Bureau, 2022

Energy Source

The table below shows the number of housing units in Thurston County that utilize each energy source for home heating. With the Washington Clean Energy Transformation Act, all electricity will be 100% clean and carbon-free by 2045. Transitioning home energy types to electricity will help to reduce future greenhouse gas emissions.

Table A3. Energy sources of Thurston County housing units.

Energy Type	Number of Units	Percentage of Total Housing Units in Thurston County
Utility Gas	35,759	30.2%
Bottled Tank or LP Gas	4,264	3.6%
Electricity	72,885	61.5%
Fuel Oil, kerosene	1,005	0.8%
All other fuels	4,170	3.5%
No fuel used	488	0.4%

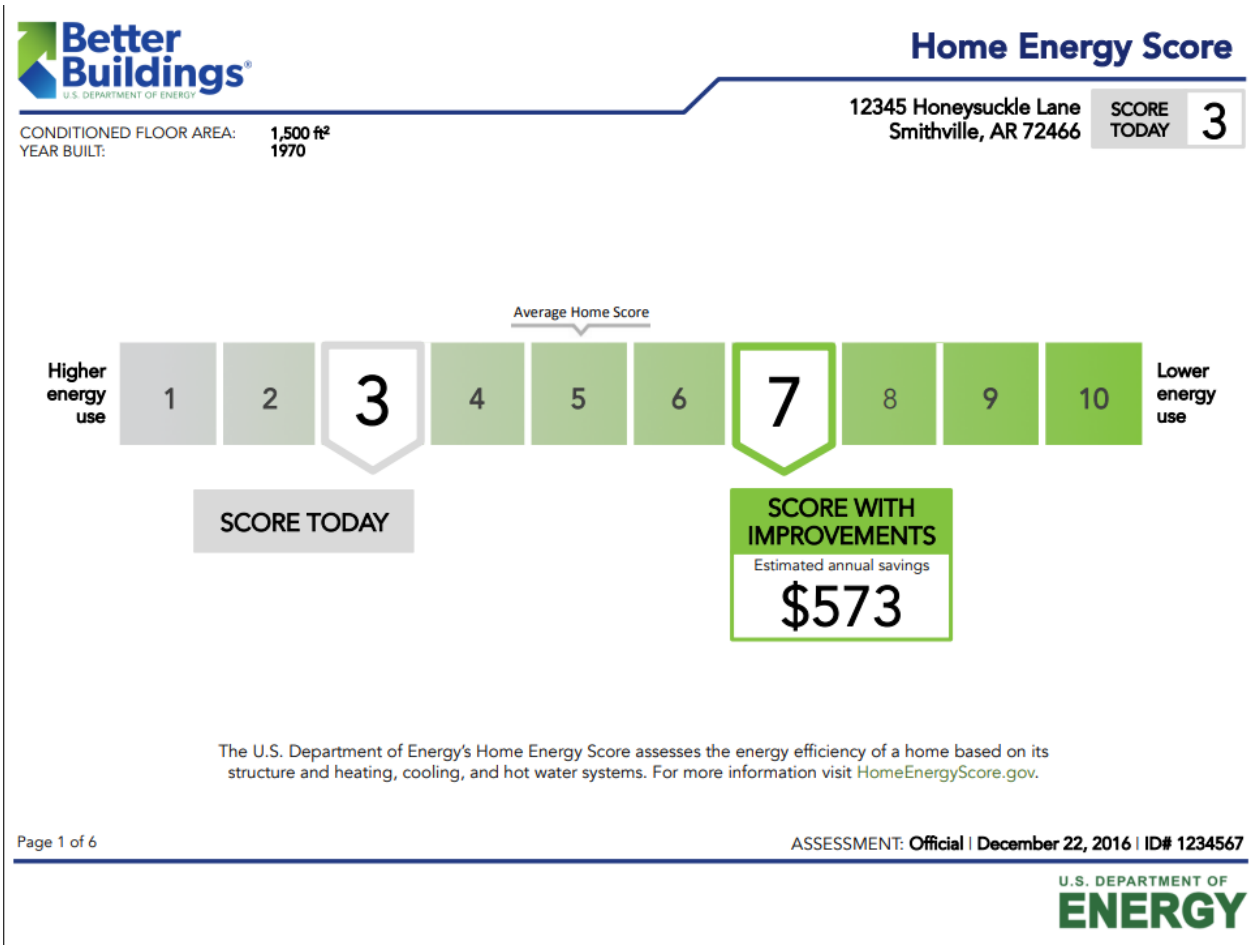
Source: U.S. Census Bureau, 2022

Home Sale Trends

During the year 2023, there were 3,377 residential homes sold in Thurston County with another 3,409 pending. The average price of a residential unit sold in Thurston County in 2023 was $551,127, a 3% increase from 2022's average sale price of $535,016 (Northwest Multiple Listing Service, 2024). Depending on the location of the home the average number of days on the market ranged from 35 to 47.

APPENDIX B

STANDARD HOME ENERGY SCORE REPORT



Better Buildings
U.S. DEPARTMENT OF ENERGY

Home Energy Score

CONDITIONED FLOOR AREA: 1,500 ft²
YEAR BUILT: 1970

12345 Honeysuckle Lane
Smithville, AR 72466

SCORE TODAY 3

Average Home Score

Higher energy use | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Lower energy use

SCORE TODAY

SCORE WITH IMPROVEMENTS
Estimated annual savings
$573

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

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U.S. DEPARTMENT OF ENERGY

Better Buildings
U.S. DEPARTMENT OF ENERGY

Home Energy Score

12345 Honeysuckle Lane
Smithville, AR 72466

SCORE TODAY **3**

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

About This Home

ASSESSMENT	
Type	Official
Assessor ID	#1234567
Scoring tool version	v2016
HOME CONSTRUCTION	
Year built	1970
Number of bedrooms	3
Stories above ground level	1
Interior floor-to-ceiling height	10
Conditioned floor area	1,500 ft^2
Direction faced by front of house	North
Air sealed?	No
Air leakage rate	6,500 CFM50

Estimated Annual Energy Use

ENERGY BY TYPE	
Total	204 MBtus
Score basis	141 MBtus
Electricity	11,956 kWh
Natural gas	519 therms
Propane	226 gallons
COST BASIS	
Electricity	$0.091 / kWh
Natural gas	$1.153 / therms
Propane	$2.171 / gallon
Energy cost per square foot	$1.45 / ft^2
DEFINITIONS & CONVERSIONS	
MBtu	Million British thermal units; generic energy unit
kWh	Kilowatt-hour; electricity unit
Therm	100,000 Btu; heat energy unit
Electricity conversion	1 MBtu = 293 kWh
Heat conversion	1 MBtu = 10 therms

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U.S. DEPARTMENT OF ENERGY

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Home Energy Score

12345 Honeysuckle Lane
Smithville, AR 72466

SCORE TODAY **3**

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

Roof / Attic

ROOF / ATTIC 1

Attic floor area	500 ft²
Roof construction	Roof with Radiant Barrier / Composition Shingles or Metal / R-0
Roof color	Medium dark
Attic: ceiling type	Unconditioned attic
Attic floor insulation	R-25

ROOF / ATTIC 2

Attic floor area	1,000 ft²
Roof construction	Standard Roof / Composition Shingles or Metal / R-0
Roof color	Medium dark
Attic: ceiling type	Unconditioned attic
Attic floor insulation	R-9

Foundation

FOUNDATION / FLOOR 1

Floor area	500 ft²
Foundation type	Slab-on-grade foundation
Foundation walls insulation	R-0

FOUNDATION / FLOOR 2

Floor area	1,000 ft²
Foundation type	Unconditioned basement
Floor insulation above foundation	R-0
Foundation walls insulation	R-0

Walls

WALL CONSTRUCTION	TYPE / EXTERIOR FINISH	INSULATION VALUE
Front	Wood frame with Optimum Value Engineering (OVE) / Brick Veneer	R-19
Back	Wood frame / Wood, Asbestos, Fiber Cement, Shingle, or Masonite	R-0
Right	Concrete block or stone / Stucco	R-3
Left	Wood frame with rigid foam sheathing / aluminum siding	R-3

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Home Energy Score

12345 Honeysuckle Lane
Smithville, AR 72466

SCORE TODAY **3**

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

Windows & Skylights

WINDOW AREA	
Front	70 ft²
Back	90 ft²
Right	40 ft²
Left	30 ft²

WINDOW CONSTRUCTION	PANES	FRAME	GLAZING or U-VALUE & SHGC
Front	Single	Aluminum	Clear
Back	Double	Wood or Vinyl	Solar-controlled low-E
Right	Double	Aluminum w/ thermal break	Insulating low-E, argon gas fill
Left	Triple	Wood or vinyl	Insulating low-E, argon gas fill

SKYLIGHTS ROOF / ATTIC 1			
Present?	Yes		
Area	30 ft²		
Type	Single	Aluminum	Tinted

SKYLIGHTS ROOF / ATTIC 2	
Present?	No

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Home Energy Score

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Smithville, AR 72466

SCORE TODAY **3**

Home Facts

The Home Energy Score's Home Facts includes details about the home's current structure, systems, and estimated energy use. For more information about how the score is calculated, visit our website at HomeEnergyScore.gov.

Systems

HVAC SYSTEM 1	
Percent conditioned area served	33%
Heating type	Electric heat pump
Heating efficiency value	7.8 HSPF
Cooling type	Electric heat pump
Cooling efficiency value	12 SEER

DUCT SYSTEM 1	INSULATED?	SEALED?	PERCENT OF DUCTS IN THIS LOCATION
Unconditioned attic	Yes	No	100%

HVAC SYSTEM 2	
Percent conditioned area served	67%
Heating type	Central gas furnace
Heating installation year	2009
Cooling type	Central air conditioning
Cooling installation year	2009

DUCT SYSTEM 2	INSULATED?	SEALED?	PERCENT OF DUCTS IN THIS LOCATION
Unconditioned basement	No	No	50%
Unconditioned attic	No	No	25%
Conditioned space	No	No	25%

HOT WATER	
System type	LPG storage
Installation year	1997

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Better Buildings
U.S. DEPARTMENT OF ENERGY

Home Energy Score

12345 Honeysuckle Lane
Smithville, AR 72466

SCORE TODAY 3

Recommendations

The Home Energy Score's Recommendations show how to improve the energy efficiency of the home to achieve a higher score and save money. 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. Learn more at HomeEnergyScore.gov.

REPAIR NOW. These improvements will save you money, conserve energy, and improve your comfort.

- **Air Tightness:** Have a professional seal all the gaps and cracks that leak air to save $110 / year
- **Ducts 1:** Add insulation around ducts in unconditioned spaces to at least R-6 to save $43 / year
- **Attic 2:** Increase attic floor insulation to at least R-19 to save $57 / year
- **Ducts 2:** Add insulation around ducts in unconditioned spaces to at least R-6 to save $23 / year
- **Ducts 2:** Have a professional seal all the gaps and cracks that leak air to save $74 / year

REPLACE LATER. These improvements will help you save energy when it's time to replace or upgrade.

- **Windows:** Choose those with an ENERGY STAR label to save $61 / year
- **Water Heater:** Choose one with an ENERGY STAR label to save $159 / year
- **Electric Heat Pump:** Choose one with an ENERGY STAR label to save $32 / year

Comments

Current local incentives may make this house a good candidate for a new water heater.

APPENDIX C

CUSTOM HOME ENERGY SCORE REPORT

City of Portland HOME ENERGY SCORE

U.S. DEPARTMENT OF ENERGY

THIS HOME'S SCORE **4** OUT OF 10

THIS HOME'S ESTIMATED **ENERGY COSTS**

$1,688 PER YEAR

HOME PROFILE

LOCATION:
5909 NE 25th Ave
Portland, OR 97211

YEAR BUILT:
1942

HEATED FLOOR AREA:
2,300 sq.ft.

NUMBER OF BEDROOMS:
3

ASSESSMENT

ASSESSMENT DATE:
10/14/2020

SCORE EXPIRATION DATE:
10/14/2028

ASSESSOR:
Donald McGee
Home Synergy Solutions LLC

PHONE:
503-381-3159

EMAIL:
donaldjmcgee@gmail.com

LICENSE #:
218308

Flip over to learn how to improve this score and use less energy!

Better Buildings U.S. DEPARTMENT OF ENERGY

Home Energy Score

Average Home

Higher energy use | 1 | 2 | 3 | **4** | 5 | 6 | 7 | 8 | 9 | 10 | Lower energy use

SCORE TODAY

Official Assessment | ID# 323910

The Home Energy Score is a national rating System developed by the U.S. Department of Energy. The Score reflects the estimated energy use of a home based upon the home's structure and heating, cooling, and hot water systems. The average score is a 5. Learn more at HomeEnergyScore.gov.

HOW MUCH ENERGY IS THIS HOME LIKELY TO USE?

Electric: 8,930 kWh/yr.	$1,097
Natural Gas: 629 therms/yr.	$591
Other:	$0
Renewable Generation:	($0)
TOTAL ENERGY COSTS PER YEAR	**$1,688**

How much renewable energy does this home generate?

_____ kWh/yr

THIS HOME'S CARBON FOOTPRINT:

7.1 This Home

15 tons/year WORSE — **0** tons/year BEST

What should my home's carbon footprint be? Between now and 2030, Portlanders should reduce carbon pollution per household to 3 metric tons per year to reach our climate goals.

- Actual energy use and costs may vary based on occupant behavior and other factors.
- Estimated energy costs were calculated based on current utility prices ($0.12/kwh for electricity; $0.94/therm for natural gas; $2.78/gal for heating oil; $2.52/gal for propane).
- Carbon footprint is based only on estimated home energy use. Carbon emissions are estimated based on utility and fuel-specific emissions factors provided by the OR Department of Energy.
- Relisting 2-7 years after the assessment date requires a free reprint of the Report from **us.greenbuildingregistry.com** to update energy and carbon information.
- **This report meets Oregon's Home Energy Performance Score Standard and complies with Portland City Code Chapter 17.108.**

Score **today:**	Score **with priority improvements:**	Estimated **energy savings** with priority improvements:	Estimated **carbon reduction** with priority improvements:
4	**6**	**$159** PER YEAR	**11%** PER YEAR

TACKLE ENERGY WASTE TODAY!

Enjoy the rewards of a comfortable, energy efficient home that saves you money.

- ☑ Get your home energy assessment. Done!
- ☐ Choose energy improvements from the list of recommendations below.
- ☐ Select a contractor (or two, for comparison) and obtain bids. If a new home, discuss with the builder. Checkout **www.energytrust.org/findacontractor** or call toll free **1-866-368-7878.**
- ☐ Explore financing options at **communityenergyproject.org** or **energytrust.org.**
- ☐ Visit the following resources to learn about easy changes you can make today: **communityenergyproject.org/our-services** or **energytrust.org/solutions/insulation-and-air-sealing/**

PRIORITY ENERGY IMPROVEMENTS [1]

FEATURE	TODAY'S CONDITION[4]	RECOMMENDED IMPROVEMENTS[3]
Air Conditioner	10 SEER	When replacing, upgrade to ENERGY STAR
Heating equipment	Natural gas furnace 80% AFUE	When replacing, upgrade to ENERGY STAR
Water Heater	Natural gas	When replacing, upgrade to ENERGY STAR, (EF>=0.67 or UEF>= 0.64)

ADDITIONAL ENERGY RECOMMENDATIONS [2]

FEATURE	TODAY'S CONDITION[4]	RECOMMENDED IMPROVEMENTS
Attic insulation	Ceiling insulated to R-19	Insulate to R-38 or R-49 if code requires it
Envelope/Air sealing	Not professionally air sealed	Professionally air seal
Solar PV	N/A	Visit www.energytrust.org/solar to learn more
Wall insulation	Insulated to R-0	Fully insulate wall cavities
Windows	Multiple types	When replacing, upgrade to ENERGY STAR
Basement wall insulation	Insulated to R-0	
Cathedral Ceiling/Roof	Roof insulated to R-30	
Duct insulation	Un-insulated	
Duct sealing	Un-sealed	
Floor insulation	Insulated to R-0	
Foundation wall insulation	N/A	
Skylights	Double-pane	

1. To achieve the "Score with Priority Improvements" all recommended improvements in the Priority Energy Improvements section must be completed. All together, these priority improvements have a simple payback of ten years or less.
2. Additional energy efficiency improvements may take longer than ten years to make a return on investment but can have a significant impact on the comfort, efficiency and environmental impact of your home.
3. If your home has an oil furnace it is recommended you replace it with a high efficiency electric heat pump.
4. Today's Condition represents the majority condition for that feature in the home.

Thurston County Climate Mitigation Collaborative (TCMC)

Home Energy Score (HES) Model Ordinance Development Stakeholder Engagement – Focus Groups

Summary Report – October 2024

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Background:

In September 2024, the TCMC team conducted a series of in-person focus groups focused on the TCMC and HES Model Ordinance Development. The TCMC team presented HES activities to key groups of industry professionals, and collected critical feedback for use in recommendations to finalize the HES policy. The following summaries of each focus group are provided for reference.

Focus Group 1: Real Estate Transaction

Date/Time: 9/17/2024, 3 -5 p.m.

Attendees: Dwayne Boggs, Home Inspector, Boggs Inspection Services
Polly Barber, Realtor, Homes by Polly Barber
Anya Myer, Realtor, ReMax
Kim Piper, Realtor, Thurston County Realtors Association
Garen Thatcher, HES Provider, SwiftSure Energy Services

Key Points:

- General
    - HES will not drive home sellers to do upgrades, but may educate and inform them for future homes, and may provide a roadmap for buyer-financed improvements. The HES is then informational and educational only.
    - There is general confusion about the HES and the Home Energy Rating System (HERS, used in new construction primarily).
    - The real estate transaction process is complicated, already overly bureaucratic and time-constrained in its procedure, and highly emotional. The group felt that adding a HES requirement without creating a simple, streamlined approach would add additional burden and that home buyers and sellers would not be motivated to take any action on HES results during the transaction process. They strongly suggested that the HES at some other point in the process could be highly educational and valuable to homeowners, but not during sale.
    - Energy is currently part of the home inspection discussion, but not front and center because there are so many other competing, higher-priority issues.
    - This is more of an educational and informational opportunity than opportunity to directly influence upgrades at time of listing.
    - Thurston County doesn't have low income purchasing, it's too unaffordable.
- Administration of HES Program:
    - Should be separate from real estate agents to create third party neutrality to scoring. Real estate agents also do not want associated liability. Also note in the

skill set of real estate agents. Differentiation was noted in the training and licensing requirements of Realtors versus real estate agents.
    - Program administration (i.e. Energy Trust Oregon) can be income producing.
    - There is concern about the quality of information generated by the HES versus a full inspection using traditional test methods (i.e. blower door, duct blaster).
    - Utility programs used to offer free energy "inspections" that could have been used to provide HES free of charge to qualified utility customers. Now they are online/consumer-implemented.
    - Should target key neighborhoods for outreach where both income level and age of buildings is optimal for improvements.
    - Consensus was that if it's not a mandatory program it's not worth pursuing. However, compliance became a large point of discussion and most felt that it was not enforceable because of current understaffing and the necessary focus on health and safety.
    - Tracking projects over time in a countywide database to see progress over time is necessary and prudent.
- Valuation & Financing
    - There is a disconnect between the cost of implementing energy upgrades and the value realized in the appraisal process. There should be engagement with the appraisal industry and some requirement for the use of Green Addendum (Appraisal Institute).
    - If a model like Energy Spark (Energy Efficient Mortgage lenders) could be promoted and HES were a requirement by the County, it would allow more homeowners to utilize an EEM.
- Workforce Development
    - Mandatory program creates demand for service and demand for trained workforce.

Focus Group 2: Building Industry

Date/Time: 9/18/2024, 9 -11 a.m.

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

Key Points:

- General
  - Contractors are not recommended directly as it can be seen as favoritism, but there are often no consistent methods to vet contractors
  - The idea of a new facet to hinder the already burdened transaction process resurfaced, and that negative information might decrease the value of the home or profit for the seller.
  - Anything that is a new requirement from the government will leave a bad taste in people's mouths.
  - Passive House Institute was referenced as a good source of education. It was suggested that a trifold brochure or other communications materials describing the HES, with QR code to more information, would be helpful in transactions with consumers.
  - Write low-income subsidization of the cost of getting HES into all program rules and processes.
- Compliance
  - Jurisdictions have limited code compliance and inspection teams who are already unable to complete caseloads, and are focused on life safety and health concerns first. The likelihood that compliance can be supported by local government is next to none.
  - Potentially, if compliance was tied to mortgage signing, the fees could be taken out of escrow at closing to pay and collect HES. There has to be a way to handle it outside of municipal enforcement.
- New Construction
  - Energy performance is driven by energy code, which is very stringent already. New homes will inherently score very well with HES because of code requirements.
  - A path needs to be provided to provide "equivalent" score on new homes meeting energy codes – and other voluntary above-code programs – without adding cost or process.

    - Energy improvements raise costs that are then incurred by the homebuyers, and that raises prices on other homes in the market.
    - Meeting high levels of energy performance has increased cost.
- Existing Homes
    - Energy is not part of the conversation with sellers and buyers, just when noting equipment or features (i.e. windows, no insulation, old equipment) that could need to be updated and suggestion to talk with contractor.
    - Appraisal process should be looked at – how would they calculate these improvements into their values (Green Addendum, Appraisal Institute was again referenced).
- Low-Income
    - Low-income buyers should not be expected to handle the financial burden of incurring rebates, they should be grant.
    - Need to be cognizant that low HES could eventually equate to lower home value, making older homes in low—income situations less desirable or valuable in the market.

Focus Group 3: Mixed Industry Professional
Date/Time: 9/18/2024, 12 – 2 p.m.

Attendees: Jordan Howden, Weatherization Program Manager, Community Action Council
Nate Krebs, Weatherization Superintendent, Community Action Council
PK Long, Code Compliance Officer, City of Tumwater
Doug Mah, Director of Public Policy, Thurston County Chamber of Commerce
Dietrich Schmitz, Advanced Downpayment Assistance Program Manager, Washington State Housing Finance Commission

Key Points:

- General
    - Energy Spark program (energy efficient mortgage) is available in Washington and requires a HES. There is little awareness or uptake of the program, seemingly due to low promotion and lack of HES at sale, transaction process timing limitations. There were additional concerns raised about anything that complicates listing and sale of houses, already very complex, arduous, expensive.
    - There is little awareness of the HES and high concern about additional government intervention in private-sector processes.
    - Programs must be mandatory or they are ineffective, at best.

    - HES is very "watered down" compared to other home energy assessment models.
    - Sellers and buyers can circumvent the required HES at listing by simply not listing the house (i.e. for sale by owner). This needs to be remedied somewhere in the finance process.
    - This could be considered akin to septic system inspection and functionality requirements at sale, where energy performance and carbon emissions are considered (in future) to have some limitation at time of sale. Could also be considered like wood stove replacement at time of sale or major upgrade (building permit pull).
    - Concerns were raised about future requirements for certain energy performance levels at time of sale.
    - PSE should participate significantly in providing assessments.
    - Before requiring HES, there should be an education and outreach campaign leading up to launch.
- Compliance
    - There are significant barriers to cities and jurisdictions doing enforcement of noncompliance of HES at listing, most related to funding and staffing issues that will remain unresolved. Needs to be built into financing process to be effective, could also be financially incentivized instead of fine-based.

Focus Group 4: Mixed Industry Professional

Date/Time: 9/19/2024, 2:30 – 4:30 p.m.

Attendees: Thea LaCross, Executive Director, Thurston Housing Land Trust
Kristine Rompa, Senior Local Government Affairs Representative, PSE
Mackenzie Winchel, HES Program Manager, Earth Advantage

Key Points:

General

- Land trusts are unique, and considered as developers not "homeowners" and cannot access some incentives. It is a confusing landscape for new initiatives like the Thurston County Land Trust to figure out how to improve home performance for their buyers pre-sale.
- There is question about renters and creating incentive for landlords.
- Transaction timing is a legitimate concern. Requirements should be put in place for those vendors agreeing to provide scores to conduct quick turnaround times, and contingencies should be in place in case timeline isn't going to work.

- Workforce – need to create a training plan to ensure there is enough trained workforce 3-6 months ahead.
- PSE energy assessment and upgrade programs should be engaged to provide input and participation.
- In Portland, data shows that homes with HES are 10 times more likely to access utility rebates for improvements.
- The home sale process is already fraught with cost, bureaucracy, and emotion. This process needs to not add red tape, and be part of existing processes such that it's an insignificant effort.

Program Administration

- Starting with an education phase and moving into compliance is wise, rather than starting with "a hammer"
- Ensure administrative rules and processes are clear and simple.
- Oregon systems allow real estate agent to go into MLS and bring information from HES scoring tool into MLS. Need to think through this process in Thurston. May need to do outreach to assist in the process. Technology is important – what is being used to generate the score, store the score, and connect it to systems like MLS?

Notes:

Focus Group 1

Garen does HERS scores and Built Green.

1. General Questions?
2. Assessment Type Topic: Are you familiar with the US DOE HES?

- Garen: Energy Trust of Oregon uses this as an income producing. $25 of every audit went to energy trust to maintain the system. He saw that almost every realtor decided to get certified as well as part of their service.
- Kim: Inspections are usually separate from the realtors, a third party on purpose. New requirements tied to time of sale, realtors are against because its more cost to the seller. What about off-market sales? Sellers disclosure statement like septic inspection. Only 150-300 bucks and its great to connect homeowners to figure out how to make their homes more efficient. A lot of their life is driven by the appraisal process, they don't see that appraisers are willing to give value to a more efficient home. There has to be a way to assign value to a more efficient home so the lender will write the loan for the buyer. Also, liability with what is disclosed.
- Polly: I wouldn't want that liability on a score, that's not her forte.
- Garen: There is no liability, its such a subjective thing. [...] There are probably 5-6 energy rating companies in Portland area when this was produced, nearly 300 people wanting to get into this business but didn't have the expertise in how to do in-depth audits. If you've got someone that skilled, its hard to get their (50-75 bucks an hour 3 hours to do the job), its hard to provide at a good cost. When a homeowner got the score, they would not necessarily make improvements nor pay for the scoring to update with improvement.
- Polly: It depends on the client if this would be valuable. If there is a seller unwilling to improve any of the findings, who is holding them accountable?
- Kim: A home inspection process the seller may not perform any of the items the buyer wants, but the buyer has more information about what they're purchasing and create a plan. A different demographic of buyer will be interested in this. There is liability, if a homeowner makes a statement about something and its found later there is a different finding there can be issues. She thinks there is a lot of confusion between HES and HERS, but it is usually done in new homes.
- Dwayne: Has been hearing about this for a couple of years, and it died off. Where is the value, how do we turn this? Where is the education for the seller or the possible buyer, and where are the incentives? He is surprised to hear it come back up. He is the

President of local building inspectors association, hasn't heard anything about this for years. Has there been any place where this has taken off and worked?

- Garen: How much value would there be if you're only spending 45 minutes on an inspection? Concerned that companies doing this would do poor quality, surface level – no blower door, no crawl space, no r-value inspection.
- Dwayne: Where is the education? Need to provide information on incentives.
- Polly: not in favor of it, if you find something that is old you need to do a home warranty and maybe the buyer doesn't have the finances to fix things. This is more of a government run money maker. The buyer is going to have an inspection anyways. She gets you want the best for all parties, but you would hope that the owner would be upkeeping the home. Weigh what the benefits are for that home or those clients.
- Anya: Struggling to find out why we would do this. If there was a demand, inspectors would see that in demand for his services. Part of their conversations with their clients is energy, yes, but also shiny nice things that buyers want in their homes. When they get to the table of negotiations and buyers want certain things, sellers can refuse. Why are we asking the seller to take on more costs to just have a number associated with their home so the buyer has more opportunity to negotiate. Requiring the seller to pay for something that mostly benefits the buyer. Does it really benefit the buyer?
- Dwayne: Years ago the County did a $99 audit on existing home, not part of a transaction. The seller could make improvements and the buyer could still walk. Why wouldn't we use an entity to target existing people? When we did the $99 audit, how did that work for you guys?
- Garen: it was a subsidy, cities paid a portion for that. For a while some of the jurisdictions were using City staff.
- Dwayne: do they have any data?
- Kim: that's why they suggested this, we don't have any data, and the built environment is a large emitter. Why is it part of the real estate transaction? Why not go neighborhood by neighborhood to educate. We keep missing the forest for the trees, most of the time its the air flow its the gaps, insulation, etc. Target neighborhoods at a certain age, especially if neighborhoods were built at a certain time. Educate groups of people.
- Garen: the one good thing that it does it increases the visibility and importance of this. If it shows up on your listing, people start realizing this is important. Any European city real estate says the cost of heating and cooling per year.
- There is no way right now to get operation costs, you can request it from PSE and they wont give it and the occupant behavior impacts that.

- Kim: We just need to get started somewhere.
- Anya: I think that there is value in this, she did an energy audit herself because she felt it was important and valuable. But if she was in the midst of buying a home (costs, emotions, etc) this may not be the most important thing – but when not involved in that it could have more weight. Maybe in America we're a little flashy and we value the backsplash more, than European energy value disclosure.
- Dwayne: What if this was done in existing homes and it could be a selling point – you have to have the consumer that wants to upgrade the house to increase the score. It's got to be a good homeowner. During a transaction, its too much going on.
- Summary: the valuation of energy improvement, the incorporation of HES or eval during the transaction process because of the noise. Equity issues related to lower income clients.
- Garen: Last year helped a friend homebuying process in Portland, looked at 50 homes, every one had HES, she never brought it up it was not part of her decision. Anecdote of one person. He asked realtors, how many people are paying attention to this.
- Kim: It ends up being like the seller disclosure statement in WA, or the Thurston County time of transfer. She agrees we need a database to not have failing systems. Real estate transactions are much more miserable than they used to be. There isn't much time to do all this discovery. Austin succeeded too, because the score and the outcome of the score then ties the homeowners to the resources and connected with contractors, and an allotment per property to help with improvements.
- Polly: Did they incentivize the people of Austin to do this?
- Kim: They had approved contractors and oversight. The government organized it but independent companies supported it. Its not always about capitalism and money, we have a planet.
- Polly: But then people are paycheck to paycheck
- Kim: lots of young people will buy a smaller home to have a smaller footprint
- Polly: if this was done community to community would it work better?
- Kim: Yes, and connect them to the resources.
- Polly: doesn't feel like its being shoved through their throat.
- Dwayne: the timeframe of getting contractors to do work within the transaction time also is difficult, it ends up being the homebuyer who makes the changes.
- Garen: what about making it part of the inspection process?

- Kim: its optional
- Dwayne: we do a limited score, but we don't even send the energy report out until 5 – 6 days after we do the inspection. They explain that this is future, down the road stuff for the buyer. Most people who buy into that care about carbon, etc. Younger people do this, but they lay it out later after they do the negotiation for the sale, but they still give them a punch list. Its not a negotiable report, its a FYI.
- Garen: wonder how useful if the inspection is done on a non-windy day, that only gets caught if they do a blower door test.
- Dwayne: there are a lot of emotions involved in a sale.
- Anya: if its part of the inspection, its a buyer cost not a seller cost. But then the murky waters the seller doesn't get to see the inspection anymore. How do we work through the negotiations if only one party has the number. I do think this is important, but I'm struggling with how we would attach it to an already challenging situation.
- Dwayne: buyers and sellers get their heads wrapped around the silliest things. I didn't see a reason to have their heads spin around something that is basically irrelevant.
- Garen: would finding mold in the crawlspace be as important as no insulation in the attic or walls?
- Kim: health issue and air quality, and that is the trigger for some remediation.
- Garen: he has inspected homes that pass the inspection and then a month later found that ducts were disconnected in the attic and weren't heating. A comprehensive HES (too little), HERS is too far. HES is lipstick on a pig.
- Dwayne: timing of safety and health issues.
- Kim: One of the brokers in her office, she had a duplex and the furnaces were failing (gas), Capitol sheet metal came in and knew everything about the rebates and taught the homeowner for the tenants about electrification. They did the math for her what the benefit would be for her tenants, and brought the cost down to a reasonable level. Capitol sheet metal chose to be an expert.
- Dwayne: you go to the existing homeowner. Target them, homes 15 years or older.
- Kim: Or with pulling permits for new construction or remodel.

3. Discuss the impact of occupancy and operation.

- Anya: I don't think we have low income purchasing in Thurston County based on our prices. They can't afford to buy in this market. The home inspectors do a really good job of educating clients, like a wall heater could be challenging on a pocketbook.
- Garen: I put my duplex HERS score on the zillow rental listing, both tenants said I'm choosing this because I know my utility bills will be lower with you than if I went to the duplex down the street. Got faster turnaround on vacancies because got people who were looking for that and came to him for that.
- Dwayne: See the listing and see average payment, people are willing to disclose that. I don't see what the issue is for an average utility price.
- Polly: I've had clients asked to find what the utilities are per month and they've done it. There is a way to get it, and then it just goes back to what their budget is set for.

4. Energy Performance Reporting slide

- Polly: the usefulness of the information would depend on the buyer.
- Kim: depends on education and communication. How do we create a desire for buyers to see this?
- Anya: I think it would be beneficial. We have more inventory than we have had in the past, but we still lack. If I show waterfront and we've been looking for a year and meets all the needs but the score sucks, the buyer would buy it and figure out how to fix that at a later date.
- Garen: I would concur, and with new construction model as well.
- Kim: I did an experiment. I worked hard to build a green home and she did an appraisal done, and the appraisal wanted to do the appraisal so he could see the house. $300,000 worth of improvements made into the design – no attic, no crawlspace, extra rigid foam, but there was no way for him to give value to that.
- Garen: did you rater give the energy addendum? Not much bump in value? I got a $90k increase in mine. Aren't all appraisers being trained on the green energy addendum. Every house we do, we give the addendum.
- Stacy – its used to standardize anything green for appraisal. It comes back to valuation and investments in a property and how they're valued by appraisers.

5. Energy Performance Disclosure slide – are the results of a HES something you would discuss with clients or would it be incidental?

- Kim: I would discuss it with clients, especially first time homebuyers because they don't understand the holding costs.

- Garen: How much are Energy Spark mortgages used in our County? That would be a huge thing, it would be a brilliant. 1 point reduction.
- Pamela – you would need to have the HES at time of listing if you want to use this lending opportunity, if it didn't exist when you come to the table it would be too late with the timing of sales
- *none of the realtors knew about the Energy Spark mortgage program
- *there was a visible a-ha moment for relators

6. Compliance

- Garen: Question – brand new house, low hers score, does not require HES score be disclosed if it was. Would that cause conflict in how a home is listed in MLS if it had a HERS score and didn't have to give a HES score.
- Kim: that's confusing that its opposite with HES and HERS
- Garen: Another conflict would be a brand new house that doesn't get a high performance home standard but is meeting recent state energy code which is very high in WA. What HES does it come as a default? What reporting and disclosure comes from a 2021 code house? Can it just come defaulted?
- Garen: How would it have any weight if its not mandatory?
- Polly: There is no accountability.
- Kim: if you have more money you can hire an attorney and fight stuff. Fine high. People wealthy enough don't care about the fines.
- Anya: Voluntary doesn't exist to me. Who is going to volunteer to spend more money on something that is typically expensive.
- Dwayne: Why would we try mandatory since we don't even enforce what is out there now?
- Kim: Current practices make compliance a joke.
- Dwayne: its a whole state issue – accountability.
- Kim: the administration of a fine system probably costs $180 to collect when the fine is $100. What a full time FTE is? What if all that money was spend on education.
- Garen: I've had lots of these conversations with Code officers. Energy code is not being applied as a code across the state. They look at their job to protect health and safety – they're looking at issues that could harm someone. The fact that there is a code out

there that can save the state 0.5% in electricity usage statewide is not as important to them as health and safety. I can't argue with their point.

- Garen: If this happens, I would advocate for there to be a countywide database stored and that be mandatory. Whoever inspects these homes needs to keep a database of the scores and addresses, so we can look in 5 years to see if we're doing any better.
- Dwayne: This has been around forever, but there isn't data on the system.

7. Low-Income Subsidization

- Anya: More information is always better. Who is providing that information and that follow up to their questions? Is it realtors is it inspectors? Who will give that information?
- Kim: Who do they go to for that expert advice? We are not the experts on this.
- Polly: I wouldn't feel comfortable to give that information.
- Kim: We have to get started somewhere. I have a sense of urgency about climate change. We need to put cooling in for tenants, how do we modify our infrastructure for storms?
- Stacy – if the collaborative could provide that information, would that help?
- Polly: Sure, that's more information that you're able to provide to your client. I'd rather go to a third-party vendor who has that as their forte.
- Kim: Way fewer than half of real estate sales are brokers anymore, there is a difference between who does this. There is a diverse level of skill in our industry. Thats why we defer to experts and referrals.
- Garen: I look at it as an educational thing for the seller completely. I will never sell another home without having an inspector come in and tell me what the buyer's inspector will find. I'd do the same thing with an energy rater. As a seller, you rely on the realtors to give you expertise, and they could give that information.
- Polly: is most of your work up north?
- Garen: tacoma, seattle, portland, vancouver. We've done a lot of audits on normal residential properties.
- Kim: Buyer pays for inspection but forms are very clear that we don't disclose what we find on the inspection. We end up not providing – once seller knows condition of the home they can't un-know that there is something large failing – and we all think you'd share that information but if there is financial hardship it doesn't get shared.
- Dwayne: what about that changed with the whole disclosure?

- Anya: litigation

8. Regional Coordination

- Garen: No, they should not create a countywide policy to implement this on a countywide process. HES is doing to cause more confusion than implement its goals. I did 2 of these, and I won't do anymore. Its not a profitable line of business and it doesn't help the buyer or the seller.
- Kim: Its really difficult to explain if there is a different score or practice. If something does happen, its better if its the same in all the jurisdictions.
- Garen: Do you have 1 utility?
- Dwayne: If everyone is doing something different, it would be a mess.
- Garen: if you're doing it, do it regionally. If you're going to implement a bad program, do it consistently.
- Polly: it should be all equal and across the board.

9. Anything else?

- Garen: Id like to hear more about Energize Thurston.

Focus Group 2

1. Assessment Type

- Jessie: Is this creating something new or is it similar to HERS rating, and does it create a market where it disrupts that pipeline – like a homeowner moving to a better house, but I want to sell my house is it going to block me from selling my house? How would this impact that pipeline?

2. Experience with home energy performance

- Nate: As a home inspector we don't do much at all with energy performance, looking for damages or existing situations. Nate does the basics well, but some inspectors have add-ons and do thermo-imaging and will charge extra to look at a home's insulation values and make some assessments, but generally its not done for normal home inspection. Customers do not ask about energy performance or climate. Intrigued by energy assessments of homes for energy to be an attractive feature as part of home-buying.
- Ben: Looking at it from a different angle, we've been partnered with Olympia for Energize Olympia and we do do some minor efficiency work. We haven't looked at ratings yet. This year they have about 1 Million in grants for home repairs. We also build the new homes energy efficient, funded by grants, ESDS and things. Homeowners opt into tracking and get a $50 gift certificate – they can either show bills or get a tracker installed in their equipment. Evergreen Sustainable Development Standard.
- Mark: Its not an elective process, its driven by the energy code. We do a lot of stuff we don't want to do and it doesn't make sense and it adds a lot of cost. We do stuff like solar panels, and we don't have sun. Getting to meet energy code is really hard, we have to try new products that haven't been tested well, you don't know what problems you'll run into. A hidden cost goes directly to homeowner, there are groups out there doing home assessments based on the energy but that goes into appraisals. The energy score rating increases the cost of the house, the cost savings in energy gets rolled into the cost of the house. A house you could sell for 690 sells for 717k – the cost goes back to the consumer, and that market price raises other home prices.
- Kevin: I'm around building inspectors and building official and they're always dealing with energy credits for new housing, that puts a strain on some developers.
- Ben and Mark: the new energy cost is expensive.
- Jessie: Over the past 10 years the cost to meet energy code has gone up ~$100,000 The last code cycle 14-20k, code cycle before 10-15k.
- Mark: Solar doesn't make sense here, but its a way to meet energy code here.

3. Compliance Slide

- Mark: That feels a bit inverted because the homes that need the most improvements are not included.
- Jessie: My thoughts are around the new building code, we're at least 2 code cycles ahead of the rest of the country. People may see as doubling down on these requirements when they're already meeting new energy codes. Might affect the sale of the home. Maybe up to 4 years ago homes built might be exempt as well.
- Mark: All new homes in WA are EnergyStar certified because of the energy code. Getting an additional rating doesn't make sense in WA.
- Nate: Would Energy Star work for the high efficiency standard requirement?
- Jessie: in theory the new builds would have a higher score because of the energy code?
- Ben: Since we built to the ESDS, its actually higher than the state code. We get a third part analyst who comes and certifies the homes to meet those standards.

4. LMI buyers

- Jessie: I wouldn't say there are no low income homebuyers, they might just not think that they can. Low income buyers may just not be buyers because they don't think they can. I've been poor enough to have to scrape for change in the ashtray to get gas, I get it, if you don't know you can afford it you think you can't. This ordinance might increase the upfront home cost, but people are concerned about the upfront cost even if there is cost savings over time.
- Nate: they just want home ownership.
- Jessie: Poor people don't seek rebates.
- Ben: Our average household we serve between 80-130% AMI, we have a waitlist of 500 families in Thurston County. We just had one homeowner drop out because they got higher income, for that one house we have 50 applicants.
- Ben: I think the impact would come to LMI homeowners currently and going to sell their house and getting a decent price to make it affordable to move on. With the energy program with City of Olympia, we saw a lot of homeowners who have been in the home for a long time and they don't have heat or cooling, its an old housing stock. Would a HES score affect their ability to sell their home if it was a low score. We have a large older population now transitioning to moving out of WA because of affordability, might be a less favorable house for someone to come in and purchase.

5. Education with Score

- Nate: its a great conversation and a real conversation, to have information that would help improve that homes' performance. During an inspection, sure, if I had the

knowledge to communicate what the score means and what I'm seeing everyday then refer to specialists. A score would add an interesting conversation – information is power and its important.

- Ben: Commerce puts out a lot of funding for nonprofits to do webinars, and education across the state. We got SEEK funding to to energize. There is funding to facilitate the right educational pieces.
- Mark: Target group is current homeowners, not new builders.
- Nate: for remodelers, yes

6. Transaction

- Mark: the seller makes the improvements to try to cash out on more money. I did this, added insulation. It was 5k improvement and I got 20k more out of the sale.
- Nate: my gut says 10% or less of sellers might be savvy enough, with conversations with real estate, they might have that conversation and make some improvements to get ready for sale. 10% maybe would put money into the improvements might cause the value of the home to increase. 10% would be fairly substantive.
- Ben: I see this as a potential hinderance, they don't want anything that is going to affect the transaction. Might drop the value of the home because there are obvious needs for retrofits, or the cost of retrofits decreases profit for seller.

7. Energy Performance Reporting

- Jessie: the incentive information could be useful, but it depends, LMI people are not seeking rebates, but if it was built in somehow
- Ben: going through this, for nonprofit, this is beneficial I can go to grants to help these people.
- Ben: Energy spark helps the seller be less burdened if the buyer could roll that into the mortgage.
- Jessie: people need to know that program is there.

8. Implementation of upgrades

- Nate: the home improvement specialists, but where do they go to get the money to do some special loans for this? The resources you go to the weatherization specialists, remodeling, etc
- Jessie: Go to omb.org there is a business directory for everything you can think of associated with the building indu'stry. We do have tons of members with experience with energy efficiency, mostly self-selected.

- Kevin: we don't give recommendations from the city as that could show favoritism.
- Jessie: LNI website to check a constractor's background, but outside of that no vetting on energy professionals
- Ben: King County and nonprofits that are in the educational aspect of energy efficiency, but we haven't applied for those grants locally
- Jessie: City of Olympia has a good program to learn about incentives.

9. Regional

- Jessie: it could be good, smart people will replicate what was done right first. Olympia has a good program, model after energize. Do the things that are already working.
- Ben: They are, with Energize Thurston. Our educational program for group purchase is attracting people from all over the county.
- Nate: Energy is not part of the conversation. The simple you've got old windows, versus updating windows, do your own cost benefit. If you've got an older furnace, suggest they do cost analysis and talk to specialists. We have those general conversations about the homes as we're inspecting them. I have folks that I know and refer as specialists.

10. Disclosed

- Nate: probably going to have some grumbling of sellers and their real estate agents for the first few years as they're getting used to it. This is going to detract from potential market price and during inspections they will have to have that discussion.
- Kevin: I could see people trying to sell their homes before this is implemented if their home is older and they think it could affect the price.
- Jessie: do they buy again here or do they move out? At the point of sale is where its going to impact people. There may be a rush to sell and move on. The ones that haven't done the upgrades will lose out because they're competing with those that had.
- Ben: Our buyers buy the home for 30% of their monthly income no matter what.
- Mark: I've done 400 walk throughs, nobody ever costs about the cost of electricity, sometimes they ask about how much the solar panels will produce.

11. Valuation

- Mark: Depends on what level of people are buying a home. If you can spend 1,800 a month on a house, you only have so many to choose from. If you can't afford the 7 score it doesn't matter.
- Nate: How would appraisers calculate that into their values?

- Jessie: I believe a VA appraiser would.
- Ben: I can see a VA appraiser saying it has to be a 7 or higher.
- Ben: I more worry about what underwriters are going to think. If a home is below a 5 are they going to think its too scary to underwrite the mortgage.
- Nate: thats scary. That would be the worst case scenario for me, to be denying loans for the process of buying a home because the underwriter builds it into their process and formula – I would not like to see that.
- Ben: especially as the state gets stricter and stricter in energy codes.
- Mark: those manufactured homes are starting to look pretty good.
- Nate: would this affect appraisals. An area of old homes might go down if buyers are choosing better scored homes, because appraisers are using comps in that area. Probably a small effect, unless the appraisers had standards to use the rating as part of their valuation then it would be a more direct impact to the home value.
- Nate: information is valuable and the information is cool, I'm excited about the idea of having that information but anything that makes homeownership more expensive or less attainable, anything that is a requirement from government to implement you have to – that's a bad taste in people's mouths.

12. Other

- Ben: we're moving closer to building passive houses, there is a program called VS that does educational webinars and they have passive house education. That would be a resource they would give. Its accessible for the layman. PHI – passive house institute.
- Nate: a trifold brochure explaining what the energy score is with a QR code. Nice talking point during the transactions.
- Mark: its usually a cost analysis the highest value at the lowest price
- Jessie: most of our audience are builders, but he gets phone calls all the time. They put out a magazine, emails, and articles on housing industry to the public. I could see us doing a page on the website with all the educational resources, we do classes at the office on a variety of things. If we had a contact that is very knowledgeable we'd have them come teach a class.
- Ben: We're working towards being HUD certified to train, I see that as a component. HUD training for the public.
- Kevin: I'm from Puyallup, the first thing I did was get a real estate agent that a co-worker recommended.

- Nate: research and find a good agent to start with and do interviews to vet the agent
- Jessie: get the agent first, but I've done redfin in the past
- Mark: energy code changes every 3 years. If you look at a home 30 years ago its wildly different from 10 years ago and then from 10 years ago to now.
- Jessie: if you're looking for a specific, early 2000s is when they started ramping up energy code. Before that, in the 1990s, they had a NW Energy Star. Basic home is the highest rated in the rest of the country.
- Jessie: Maybe if you're the average customer they would assume that newer homes are built to a higher standard and the older ones are not, maybe the energy score would prompt them to buy an older home if it had a higher score.
- Mark: if your energy bill would be $200 a month, its only getting a % with each energy code, you can only improve so much. Blower door tests, all mine come in as 2, but it used to be 4. Would that be saving someone 2 dollars a month? The benefit is the last 2 code cycles put heat pumps on the houses, before that no heat pumps. In this next one, having hot water supply within a distance.
- Jessie: Mandated heat pumps in 2020 cycle, but you essentially had to put in at 2018. Heat pumps are mandated in new construction but you can have a gas backup, but you can't have it as a primary. The gas backup is a negative for energy equalization credits. 2021 is when it was mandated. Thats the thing now, builders are now building to chase credits, which is why it started earlier than the 2021 mandate.
- Mark: a credit is about $9,000.
- Ben: we've been doing heat pumps for the last decade, now we do ducted in every room.
- Jessie: When we were looking in 2014 we were seeing homes with more heat pumps.
- Kevin: I am the only code enforcement officer for the City of Lacey, there is nothing in the code that says that they have to, this would greatly increase my work. I don't have a lot of experience with energy code, most of the time I'm dealing with people if their house is habitable or not, not worried about energy efficiency. Conversations between building inspectors, building officials. We would have to have someone that one of their main focuses is to look at listings to determine who is out of compliance. I don't have time to be proactive in enforcement, I mostly deal with complaints. Olympia has 4 code officers.
- Jessie: valid point with the staffing. In our industry we're seeing jurisdictions don't have the staff to keep up with what is happening. That means requiring more FTEs, which is

more funding and building departments are usually funded by permits, etc., which means increasing the cost of housing.

- Nate: I wish there was another way to gain compliance to this versus enforcement and adding cost to municipalities and having that negative, if there was a better way to achieve the result without the negative and the cost.
- Kevin: if you had an expert, I'm the guy who deals with people who have roosters at their house, if you had someone who is a climate type person who is doing enforcement that would be good
- Ben: say this takes off and we have an older housing stock in an older area of time and they're all trying to be a 10 and then PSE is doing calculations on what the grid can handle?
- Nate: well efficiency would be less energy
- Jessie: IBEW may be a decade out from the staff and infrastructure to be able to support electrification.
- Nate: fine the gate, find the other way
- Mark: the irony is that fee could be charged up front if the realtor is held accountable.
- Ben: what if it was more tied to signing with the mortgage, take it out of escrow if they didn't pay it
- Kevin: or something would be flagged. I've been there 4 years and I can't say when we've issued a fine. We do a criminal complaint and that goes through the attorney for a lien on the house. Half the time the attorneys don't prosecute what I want them to. It would have to be very clear as to who is handling that.
- Nate: there is a way to do it without municipal enforcement. How many homes are sold on MLS with realtors vs outside of that.
- Kevin: I think you'd want more getting to comply if it affects the price rather than a fine.
- Nate: At closing, flag if there is no energy score, the seller needs to reserve $300 to pay for that score.
- Ben: if it goes through escrow, there is a lot of downpayment assistance for those who are in the lower income area, that fee could be written into that. Write it into the rules.
- Jessie: anything you can do to – homeowners feel there is a lot of punitive
- Kevin: that would be better

- Mark: even if you're a homeowner on redfin, you can't list it. You'd have to have someone registered as a certified scorer to make sure the information was accurate.
- Nate: puget sound energy, we pay them a lot of money, do they not want to participate and don't they want to lower their impact for environmental and decrease stress on the grid. Shouldn't they want this.
- Mark: everything they do seems to be opposite to this.
- Jessie: everything they've pushed puts the burden on the homeowner.
- Mark: the next two plats we're developing we're not putting in new gas, so that makes more stress on the grid. Now if you want to put gas in on a housing project you're looking at $7k to put that in.
- Jessie: that also might be a question to bring to the UTC.
- Nate: awful frustrating from his standpoint, he invested in solar on one of his houses, I wish I wouldn't have thrown that dart at it because questioning if that was a good investment or not. I can't get ahold of anyone from PSE to help me look at my property where they had to review and approve this solar system, they just keep sending me bills.
- Nate: it would be cool to see a 2 rating and an 8 rating and see the energy cost and see 50 homes in that 2 category to compare.
- Jessie: make the incentives obvious, poor people aren't looking for rebates.
- Mark: try to go from bottom up for incentives. When you're at that spectrum it is harder to find stuff. I remodeled my house, its was from the 1970s, it was harder to remodel for energy very little insulation, just the envelope the bills went down 50%, I offset those costs in 6-7 years. The solar panels you get negative money a month, on that end, it goes to the illogical side of things. Encourage from the low end – on the improvement side of stuff – building envelope, ductwork, replacing windows. Those are relatively low costs that make a huge improvement to the house.
- Jessie: on the cost of housing I recommend going to not just the NAHB, OMB, and BIAW on how these programs are impacting the cost. For every 1k cost added to a home you're pricing out 42 WA families.
- Ben: at title when you set other pathways for MLS, even if you're owner financing you have to go to title.

Focus Group 3

1. Assessment Type

- Dietrich: we have a little bit. Our energy spark program when it launched it used HERS report as the criteria for the program, we have since then added HES as a method instead of a full HERS report. The cost of the HERS was doubled for HES and we felt that this DOE method seemed to still get us to a good place.

- Doug: I'm thinking about how you're framing this and I'm trying to find a comparable. Energy rating on appliances, I will look to see what its energy rating or estimated cost is. Same thing with mileage on a vehicle. Manufacturers in those cases gives a rating of efficiency at time of purchase, and once I buy it I'm done with it. I'm a typical homeowner. I've never gone back to see if the energy efficiency was equal to the claim, the closest I come is Mpg on a car, because its also reoccurring. As I look at how we do this, the closest analogy is tailpipe emissions in some communities you need to have your emissions checked on your car before you renew your license. I suspect most wouldn't have it checked except now the license renewal is contingent upon checking that box. Its information for the consumer in advance of a purchase and then as a regulatory standpoint a thing you got to do to get the thing you really want.

2. Compliance

- Dietrich: if its not mandatory its not going to happen. The real estate transaction is one largely driven by brokers and mortgage lender. They want the most simple a to b. Adding an additional item generally is optional will mean it will not happen. We've had energy spark in place for 7 or 8 years, if borrowers use their program to buy a home they get a ¼ lower interest rate on their first mortgage, if its new construction it needs to exceed WA energy code by 15%, for existing homes we have folks go through a retrofit with a HERS or HES rater and figure out the energy use of the home and come up with improvements to increase efficiency at least 10% or more, it usually only happens if there is a really zealous homebuyer and the market isnt' too hot or heavy. Brokers will steer people away from anything that makes a deal more complicated. Since 1993, if you were doing a FHA or VA loan, you always had the option of an energy efficient mortgage. There is a great white paper about the EEM. If you go to your mortgage lenders to ask for it on your loan, they will scratch their heads but they wont do it because it adds extra process. Because of several factors, its probably because real estate brokers don't want added complications. Many contractors might also not beat down the door for 10k worth of work to do improvements. It you want a program that has a bite to it in the marketplace, it has to be mandatory.

- Doug: I think it depends on what you do with it. If part of the condition is that you have full disclosure to the buyer that might be ok. But I think for initial implementation people will hate it because we don't sell homes that often. When I decide to sell a

house, I typically have a timeframe in which I need to complete the deal, and this is one more thing that stands in the way of relocating. The infrequency by which we do this combined with the barrier to the ultimate outcome creates discontent and the realtors will blame someone. But then the question is what happens once you get the score. If now the buyer can leverage it to ask for improvements similar to a home inspector, now there will be even more pushback because now you're taking money out of the sale. It depends on the size of the gig now, if its 1k of small work, it will slow down the process to get a contactor, and do we even have this workforce to do this work? I don't know what the remedy is during the transaction period. Imagine buying a heat pump and now you the purchaser have to use it before you can use it – similar to energy star ratings being done by manufacturer. What to do the score other than buyer beware. Another pushback is what part of private don't we get? Its a private sale of a private asset. Now the government is assessing my private asset and influence that in my private transaction. Encroachment needs to be addressed.

- Nate: I think the HES is a piece of garbage, because it is so watered down it means nothing. Our program gets funding from DOE, utility, state, etc. The program started under DOE 50 years ago, the legacy of that, everything we do is required to be justified based on savings to investment ratio. 40 years ago they realized all the . We're home performance more so than energy efficiency. Indoor air quality, health and safety of the inhabitants, and energy efficiency comes with that. DOE makes us justify air sealing, etc. on if it pays back in kw savings. This number will mean nothing to people. Energy savings is not where you, until we tax carbon, energy savings doesn't cover the cost to make these improvements. There are a lot of good reasons to do this, but HES doesn't do enough to get us there.
- Dietrich: Isn't HES the scale of 1-10. Its based on local comparison.
- Nate: Yes, there are smart people who put it together and I'm sure it works in some context. I just know the more they try to simplify the utility programs to justify the energy savings, but its not a simple calculus, its just not. You can look at it and see that its not energy efficient but also see people living in it are suffering poor indoor air quality. Then what can you do after that. You can't get a contractor to make the house better. Our whole building industry is specializes and there are incentives to do all the wrong things.
- Doug: I like the idea of it being owner driven. Part of the reality of selling a home is I clean the carpet and mow the lawn before it goes on the market, but I might not do that he first 10 years I live there. How do you do a good job of having existing homeowners do these improvements without associating it with a timeline. How do I game this? How do I get the highest score with the lowest effort. Like gaming LEED. If I were selling a home that needed to have this, if I need to have a higher score I'm going to find the cheapest, easiest, fastest way to increase my score.

- Doug: I would just not list the home to avoid the process, for sale by owner. They key thing here is the listing. The challenge here is realtors get ongoing education as part of their licensing renewal and its done at the state level, so now you have a one-off. Thurston County realtors would have to take a special class, buyers would need a special notification. Who is going to do that?
- Dietrich: speak with local MLS they would be a good partner, they do classes. They would be the only source point. The MPG was a great analogy, you as the consumer can measure it. Thats the great thing about MPG is that you can have confidence in it. The only measurable result that the homeowner has that is palpable to them, is their energy bill. I like what I see on PSE's bill where they show you your energy usage this month and same time last year and difference in average temperature, so you as a consumer can confidently go I put in 3k of insulation it looks like my energy use is down as a result. You can have confidence as a consumer rather than feel like government is making you do something that is good for you. If the homeowner can't measure that themselves, some work needs to be done. Consumers don't normally know how to make their homes more efficient. I do training each month and I ask folks what the most effective energy efficient improvements – I hear windows and solar – but those are the most expensive. Its the insulation, the furnace, cracks, air sealing. There is an awareness campaign that will help your cause overall is by helping consumers know the cause and effect and getting to an efficient place so that they're on board with it. Its a good endeavor and cause but not everyone understands the details, consumer education campaign ongoing and then having something measurable with the energy companies so they can see that their bills are lower. Make it clear – cause and effect.
- Doug: I agree. Its a consumer lifestyle. The challenge at making it at the point of sale is that that's not a lifestyle, its part of a transaction. Its not transformative, its just a thing I gotta do that is in my way. It feels like its an idea written by bureaucrats for what is the easiest way for me to achieve this rather than having more knowledge as homeowners to know what I can do to make my life better.
- Nate: what if you compare this to time of sale for septic systems, that's a good analogy. We don't allow people to dump into henderson inlet because of shellfish, we require at time of sale. Maybe now you're not allowed to dump your carbon into the atmosphere.
- Doug: yes like that. If you've ever talked to someone who had to spend 5k to repair the system before they could sell it, they wouldn't say it made their life better. It feels punitive.
- Nate: it doesn't feel better if you're the one holding the bag, but its for a good reason.
- Doug: there is a slippery slope. If its just a disclosure so you can know, but maybe later we decide that you need to have a minimum of a 2 before you sell your house. I can

make this a health safety issue. And now I'm trying to influence the market and the market will find a way to compensate and work around it.

- Nate: I think HES gives us something to go off of. Dietrich's point it is a consumer education thing, if someone gets a HES of 3 they're going to get sold a new heat pump system but really the 3 is because the ductwork is disconnected and the heat pump won't work like the energy star label says because stuff isn't working. It is a good place to start and gets the conversation started. I think about time of sale for septic, ive encountered the pain in the butt it is, but its a worthwhile thing. At some point you need to stop that leaking septic system from leaking into the bay.
- Dietrich: I think doing something is better than doing nothing and PSE needs to be a big part of this. Given the data set that Assessors have on homes and what PSE has there is some possibility to look at those data sets to look at homes given age, ft 2, etc to have a list of top energy users in the county. We've always had enforcement that buildings need to be not dangerous and meet codes. Having government step into this role that there is less direct danger but an impact to the community for inefficient homes. Even though its slow to make decisions, you're best enlightening people so you get more people on board on the program. Target most likely inefficient homes, that will get you further in the long haul if you put that baseline work in. Having the HES even if its just everyone has to have a score, but being overt and maybe some day we might say before the home sells it has to be a certain score, but now we're raising awareness. Be direct about it. The problem of the HES in the long haul, it doesn't measure against an objective standard, like WA Energy Code, they're all going to be above the standard but under some mark on HES method. Its not a perfect system but its going to move us forward.
- Doug: If jurisdictions are interested in moving forward, that you place it on the ballot as a referendum. This is a tax by any other name.
- Deitrich: before I'd like to see that, I'd like to see the education so people have an informed choice.
- Doug: If you do this over a period of 1-2 years before its on the ballot, so people can make informed decisions.
- Doug: savy seller is going to build $150 into my sale. The cost of housing, what is another $100, 250, 5k dollars and pretty soon the nickels and dimes add up. We're adding to the cost of housing, even though the intent is to draw down the cost of ownership.
- Dietrich: promotion of the cost of ownership, the most you can have a visual means the better off you are. Thats something I can have certainty in, being able to work with PSE to report savings for the households that have gone through this. Id be curious to take lessons from the portland experience to see what lessons is to be learned.

- Doug: I don't think its very useful because its not real time and its not constant and persistent. A better tool would be a meter, similar to mpg in your car, to think about your own health like a smart watch to show you your blood pressure, etc – real time information gets you immediate information. This is a point in time score and its not occuring in real time. If I had to pass a meter every day that said my energy level, I would wonder how to change that. This is why people have scales in their bathroom. Its transactional, not transformational.
- Nate: that would be something to get the existing owner to make the change, this is a different lever. If we really saw the diffference it would be the cost of electric or a gas tax, but consumer education, we're likely to repeal CCA because consumers are getting some information, but its debatable if that information – which groups are loudest and best funded. Might not be in the best collective interest in the long run. The point of putting it on the ballot is that people don't always vote on their best collective long term interest. This does have a useful meter for the buyer to look at, to compare. People won't do stuff unless they have an incentive to do it. Most people will look at energy efficiency payback and wont do it because it doesn't cost enough for it to be a cost savings. Its only 10cent per kwh, so they don't worry about it. These are expensive improvements to be made.
- PK: If I'm looking at a house the last thing I'm going to look at is a score. I'm not going to not choose this house because of the score because I have other needs to consider. I think with a lot of consumers its not going to be a deal breaker, decision maker. This isnt going to sway my decision. You look at listings and other types of indicators, I don't look at this. As a seller its one more frustrating thing. If the house price raises by 10k, thats a long time before youre cost neutral if the improvements cost 500. Everyhting we see in recent history, information, seatbelts etc. Of course I'm going to raise my house by whatever repair is made, as a seller that would be my requirement. I may already be under a tight budget from moving from house a to house b, 5k could sink that whole transaction and require major life changes.
- Deitrich: the market is going to have an influence on prices that is bigger than that. As someone who has recently sold 2 homes, there is a lot. Its jut one of the pieces.
- PK: I look back to CFLs and how much I was supposed to see energy bill go down, and I watched it, same with LEDs, I haven't seen a change in the usage in my power. Why did I invest all that money. Even solar, which I'm glad to have, I'm looking at 20 year payback, thats a long time for payback.

3. Energy performance reporting

- Dietrich: thats all good and useful. I think something that hasn't been talked about, people to tend to decide with their pocketbook but they like to see actual results. I look at it and I don't trust the savings estimate. I trust when I see my bill goes down. There is

an aspect to be added, you need someone in the totality of who is involved in this to be a goal maker. In addition to individual incentive which is necessary, you need to take this on as a community to get over the hurdles. What is our goal for 10 years for now for average household energy use. Make part of that the campaign, so that for those of us who like to be altruistic, we can look at a dashboard that compared to 10 years ago things have improved. We're in the richest country in the world, at the richest time. We're doing magnificent. We don't have it bad, but we can complain about it. Its good to align us to something that is a bit more aligning than just our pocketbooks.

- Nate: it sounds like a good idea if it would work, how do you do that? We have a society right now that is pretty selfish.
- Doug: Community goals are really hard to set. What happens when you achieve it? We have a hard time setting community goals. Our contribution to reducing whatever is not making an impact because of what is occurring in some other country, it seems like a waste of effort, because from a global perspective we're a drop in the bucket. I got other things I need to worry about. It makes us feel better, it compensates for things we've done in the past, but community goals are really hard.
- Deitrich: its the magic, uniting a group around the goal. When you're successful it makes it easier to overcome the hardships.
- Doug: as a community or society we don't think that way in the long term. Large mobilization efforts were about a crisis, win the war and then the war was over, but to reduce and sustain its the sustaining part that is problematic for goal setting. Its a good idea, I think its hard. Still run into the problem of who set that goal. This is one more thing to keep track as a community member – there are so many other things, we have goals about student success, lifestyle, etc it is endless now the things we need to be monitoring but yet obesity is a huge health problem for our youngest resident. We can't get people to eat right let along invest in their home.
- Nate: if we took this, 5 years out this got implemented and was another thing people would need to do, do you realy beleive it would be that big of a deal in the transaction. The septic inspection was just something else you need to do, you get the home inspection, probably the home inspector becomes and gets a 50 dollar bump in price to do the energy inspector its not a big deal. If you think about it in those terms it doesn't seem like that big of the deal.
- Doug: valid point. But thats part of our problem.
- Nate: are you suggesting nobody is going to sell homes anymore, thats hyperbole
- Doug: implementation is going to be so critical
- Nate: if it was done right, sorry for the hassle here is why, but it could happen

- PK: I think for some it would prevent a barrier in selling, again if it becomes more of a factor and those additional dollars I need to spend on home score, it could be a specific barrier. Incentives are great but they never fund fully.
- Nate: lets assume its just the home inspection, no requirement to do anything, just for information
- Doug: they leverage it. I want the seller to pay for the repairs
- Nate: In theory, are we against consumers having more information?
- Deitrich: in 5 years no, it would be normalized. Is it too much to ask for? No. In 5 years, would it get you where you want to get to? Would the car have driven to the destination, or only get halfway there? Also have accountability to see if you're getting there. If we're not, adjusting the program.
- Nate: that is a fair program.
- Deitrich: the low hanging fruit, I bet if you look at the full data and did eval, and took the bottom 25% of homes we could really get
- Nate: what are you going to do about it, those poeple can't afford to fix their homes
- Deitrich: there are numbers that could be gained, this would help increase the numbers. Part of delivering this is discovering new things. Be accountable to the goal.
- Doug: I think we could just do it, its more regulation and red tape, and some of this is thinking through the calculus of political capital. I would argue that citizen initiatives that are rollbacks of legislative action, those were all passed signed by government and now but it is costing political capital to sustain this.
- Nate: even though with CCA it was 10 years worth of back and forth between parties. It takes 1 powerful individual to put it out there and all of a sudden 10 years worth of work is undone.
- Doug: that's a political reaction to a political cost. Is it worth it? If your political capital is finite, is this what you want to do? If I need something to happen down the line, how will this effect trust for moving other stuff down? I'd rather be spending 2 hours in a focus group for a balanced calendar in our schools.

4. Data

- Nate: is it, if a house is out of compliance, is that publicly available?
- PK: not easily. FOIA.
- PK: On the board WA Assocation of Code Enforcement. Majority of cities are complaint driven. You've have to have 1 FTE for this compliance. Cities do not want to do

enforcement. Its icky. He has major cases on the books since 2018 that have measurable data driven negative effects on the community and cities don't want to do the enforcement on it or bring it to court because that enforcement is icky. That would be a huge shift in the way that code compliance is done, its code compliance not code fining. A lot of code enforcement cases are not a neat and tidy 30 day issue. Personally, some cases are 6-7 years and some before that. Average looking at 120+ days, and that is standard. You'd have to have a minimum of FTE for this. Thats a lot of salary and benefits. Some jurisdictions would not be able to afford it. There is no way, personally, that I could fit that in my work schedule, even when I get my 2nd on board that would take up so much of our time its impractical. Would I have the city to start levying fines?

- Nate: What is the mechanism for time of transfer for septic?
- Doug: It might be the lender
- Nate: I'm talking about in certain watersheds there are requirements to have a time of transfer inspection – pumped, inspected, and repairs. With that, the sale could not go through and future sales too. What is the mechanism?
- Deitrich: I hate fines, I like government signoff to move forward. I think its both the lender for underwriting guidelines and the COunty wont record unless they see the green light on their screen. NWMLS could easily trigger adding form. For those small percentage outside of that norm, then you hit the county as not recording the transaction on their end. The end of the day, government always needs to have some sort of finding mechanism for outliers that escape everything else. Use may rather than shall might be prudent.
- Doug: It almost feels like it would be better to create an incentive to participate. I get $500 if I list the house this way.
- Dietrich: what about the carrot? If you meet some criteria on the home, tax credit on taxes. It gives you an incentive point, and the ability to be more voluntary. Savings is material and measurable. People are happier when they get rewarded for positive behavior.
- Doug: this feels very punitive, you're required to do this. Its easier to sell something when I have an energy score, that's positive, rather than hey you gotta do this.
- Nate: what percentage of sales are not going through a realtor? Or mls?
- Doug: the business of being a realtor is changing rapidly. The recent court cases about how their compensated, calculation around commission and who pays for that. How does this work with the redfin of the world? We're thinking about this very local, but part of the challenge for realtors now is redfin, where everything is done online. You may be creating a program that is too dependent on a single occupation.

- Nate: that sounds like an unlikely thing to happen if local code enforcement is the mechanism
- PK: I can think of all kinds of barriers to make this unsuccessful, the appetite of local jurisdiction to do serious enforcement is not there. Jurisdictions that have made – other states have proactive code enforcement and it ends up being a nightmare. There are a lot of challenges and a lot of barriers that cities arent going to want to do that icky thing, especially since there are safety issues not being enforced.
- Doug: you'd need to have enough inspectors out there, home sales are pretty emotional events, how do I do this? If there aren't enough, there could be a backfire. You don't want to become your permitting department- people hate those because they slow things down. You don't want it to have that impact.

5. Nate: where in the process is this?

Focus Group 4

1. Assessment Type

- Mackenzie: I have a lot of experience with HES, but Home Energy Performance, this is often used on existing homes, folks like to think about their home in terms of what their grade is and what they can do to make them perform better. The list of recommendations is helpful and you can reassess and rescore to see your outcomes moving up the scale. When I think about home performance I think about a homeowner wanting to make a home perform better.
- Kristine: I bought a home 2 years ago and this was not at the forefront. I was looking at price and interest rate. I didn't even ask if it was gas or electric. Wasn't familiar with HES until the collaborative brought this up. I wonder how this is going to help the environment and reduce GHG emissions. Am I really going to say that I want a higher efficient home. From a utility perspective, we're all for it because we have standards to meet. If we don't meet those standards, everybody is going to pay, because we will be censured by the UTC. So we support all efforts by everybody. We used to do home energy audits, it wasn't cost effective, too expensive for the company. I don't know how many people use our online self assessment. We all have to meet that goal. Its been difficult, we've had goals that the company has set for efficiency but we have not met them. Last year we met them for the first time. (not sure of sector or details, suspects overall). PSE has so many incentives, windows, insulation, etc.
- Thea: We're really deeply in this right now, we were just meeting with Community Access Network. I believe most of our tenants are LMI, we want to convert them to

homebuyers. Meanwhile, there is no insulation and the energy costs are ridiculous. I hadn't heard of the HES at all, I love that idea of having a comprehensive idea of what you're looking at when you look at the data. Its not just climate, it also affects the affordability of LMI people to buy those homes. They're going to have to make decisions, and we want to empower that. If it was a reliable number at the time of inspection it would be really useful. $400 heating bills all baseboard heat. The weatherization, they're going to do a full audit. Its per building.

2. Compliance

- Thea: Ordinance implies regulatory.
- Kristine: What about renters? Will you create a new branch of the collaborative to have the capacity? What if they don't pay? What if they don't do it.
- Mackenzie: Launching a program you need to make sure the cities and the implementation team have an understanding of the administrative rules so you can avoid pitfalls with exemptions and compliance – administrative rules. Setting up systems for something like this, we have systems that connect via API the DOE modeling tool and another software program that speak to each other and we take that information and create reports that are branded and locally focused. For example, jurisdiction boundaries and how to deal with issues applying those boundaries for customer service. Make sure Assessors know where they're required to do assessments and when they're not. Be crystal clear and have well set up systems. Thinking about compliance, as an adopter of this methedology, start compliance with an education lens for the first year or two, not so many hammers right away so people get used to it, and as time goes on starting to issue fines.
- Kristine: Can you appeal if you don't like the score?
- Mackenzie: Yes, go to the quality control team. If there is any dispute it should land in the QA's person's lap. We take 5% of the total scores. Typically we weigh our QA on new assessors, not necessarily random, so we can help mentor to get scores better. Its a really good time to built realationships with real estate community. They're going to need to have a workflow in place to represent the seller. We have a system where the realtor goes into MLS and clicks a button to bring information into the listing. Might need to do some outreach, like webinars, to talk about the process. Developing with regional MLS.
- Kristine: that makes me think about electric load, it would be helpful to know how many home sales we expect on an annual basis because we might need to build new lines to support new loads.
- Thea: the educational number would provide the incentive, the incentive would be to have a more efficient home

3. Energy performance rating

- Mackenzie: it depends on how technlogoy works behind the scenes, and that can be dictated by a MLS agreeing to share the data and setting up an API, those relationships and contracts need to be signed. MLS needs to be willing to play ball. If that happens, then, the real estate agent goes to the home profile and goes to the green profile, clicking a button, addresses match, then it brings in the numeric score and a link to the url to the report. It goes from DOE, then green building registry, then goes to MLS.
- Kristine: Big Brother!
- Thea: the timing I can see would be critical. As a home seller your agent will tell you you have to do things and if one of the things to do is the HES score, you have to do it, have it done, get the data in. I can see resistance to that.

4. Timing

- Mackenzie: Totally legitimate concern. That is a common concern that comes up prior to launch. When the requirements go into place, there will be people who want to be trained to do the work to meet the demand. The turnaround time is pretty quick. The assessors clients are realtors or sellers, and they are aware of the urgency. Usually, its 1 hour to score, takes 15-30 mins to put into modeling software, and then its ready for the listing. A couple days turn around time is average, if there is a technical glitch what we do as an implementer we go to the compliance team and let them know that there is a technical issue to slow down the process so they pause on sending out compliance notices. If everyone is talking together its a short turn around time, and if its not communication helps.
- Mackenzie: In Bend OR 2 july ago we did this. We trained a lot of people very quickly. If we want to be really aware of all the people who do these scores and wants to take a workforce development lens, do outreach to the communities create equity with job opportunities. It takes 3-6 months to get people trained up. Decide what your cap might be in terms of training assessors. For backgrounds, home inspectors, high performance home verifiers, general contractors, entrepreneurs. If you're an energy auditor, that's further down the path of learning and knowledge. This is a step into the industry. The tool automates the recommendation, your job is to collect data on the site.

5. Performance Report

- Kristine: I'd want to know what is the biggest bang for my buck to improve my score
- Thea: especially if you had that up front you could build that into your sale process, ask for things to be improved in negotiation
- Mackenzie: Time of disclosure policies it can go different directions. If you have an assessor, its important to train them on the incentives to make sure they're sharing that.

AND if they're aren't able to communicate that to the homebuyer because they were working on behalf of the seller, for them having it listed what incentives are available. The reports we have have prioritized measures with the best ROI, and then here are the other ones that are priorities of the program are listed below in a more customized recommendation even if its not meeting the ROI. Homebuyers are excited to have that information at a starting point to talk to a contractor and get the work done. Educate assessor market and make sure the report is clear enough.

- Kristine: If I have a question about my report who do I reach out to.
- Mackenzie: the assessor and you'll have their contact information. The homebuyer could link back to the assessor that they didn't work with.
- Thea: we raise funds (private or state and county) to acquire homes and we keep the land, we find subsides to reduce the overall cost. Our market is 80% or lower AMI, for homeownership which is kinda a high bar. The model is we continue to own the land and buildings, and the homeowners own the improvement. We support them, stewardship is important, like help prevent foreclosure. Something like this would be absolutely helpful in them looking for properties. Renovation and resale, you don't know what you're getting. Existing buildings are in a price we can afford to subsidize. The first one was donated, people are taking less than the fair market value. Or we get a really good deal, it was a decent price and we got a grant from the housing trust fund, the subsidy stays with the property, when they resale they don't get that downpayment back it stays with the house. This really does mean a lot to us.
- Kristine: so I sell, I put in a 15k system, I get that money back?
- Thea: when they sell they get a flat rate of equity on the investment including improvements. They do own it, but they can't flip it for 2x the amount, you get what you put in and percent appreciation plus you get your loan payments and tax write offs. It makes it important that we put people into good houses. We're doing improvements before we enter the program. It would have been very useful to have that going into this. We had a usual inspector and they did not give us this much detail. For people like Homes First, they do rental for low income, they're acquiring the units and they're bearing the cost of utilities.

6. Subsidy

- Thea: if PSE gave homeowners a rebate, they get credit for the energy system they put in. If they sell the home in 2 years they would get most of that back. There is a warranty deed on the land.
- Kristine: I'm wondering if PSE might want to get back into the business of doing it if its going to be required. Everything we do is regulated by the UTC, they could have been the ones who told us the program would cost too much or maybe there were equity

issues I don't know. AS a company we would be supportive of the scores, it could potentially increase our vendors work if they take advantage it could increase the number of incentives we pay out. We have to meet our GHG reduction goals and if we don't we get penalized and every rate payer is going to pay that. But this could add cost to the home and it could be shooting yourself in the foot. From an energy perspective, its a good thing and I can see it spreading quickly.

- Mackenzie: Recently in portland we share data with energy trust of oregon and they do analysis on how the conversion of the homes that get scored vs not. What she considers a finding is that homes within certain timeframes, homes that are getting scored are 10x more likely to follow through with a utility rebate. We're excited to see the start of these findings.
- Kristine: do they track incomes too? Portland is not a poor area.
- Thea: there isn't anything that links weatherization programs with the home except for address.
- Mackenzie: there could be coordination with weatherization agencies. They often have their own modeling system and funding.
- Kristine: someone told me that weatherization saves more than anything else.
- Mackenzie: so far there hasn't been any impact on someone not being able to more forward with a sale. If you're in the green building registry that operates programs with mandatory disclosure, the scores are public.
- Kristine: am I going to have someone knocking on my door to buy a HVAC system because of my score?
- Mackenzie: that hasn't happened so far
- Kristine: they could do that on your build date from the home assessor
- Mackenzie: we haven't heard complaints about this. 2018 was when we launched the Portland program, the market is starting to transform.
- Thea: but looping back if this is an ordinance, that would make it a public

7. Virtual score

- Mackenzie: that would be a US DOE question. Nothing has been approved so far.
- Official vs Unofficial – official has qa/qc, tracked ensured for accuracy. There could be a reality where a virtual score could be done but not official.

8. JBLM

- Kristine: Is JBLM in thurston county? You wouldn't be able to mandate that for federal land.

9. Mandatory vs Voluntary

- Kristine: people don't like being told what to do, then inflation adds $300 on the sale of the house. I think it should be mandatory from a PSE program, anything that helps us cut GHG emissions. Rate increases may happen if we don't meet GHG goals.
- Thea: I think people do resist it they don't want more red tape, selling a house is already hard with these things, but its only one more thing and if its accessible and not horrendously expensive and if its bundled in to a service something that has to be done anyway, so its a flow. Mandatory makes sense, but the education makes sense because its mandatory to benefit you.
- Kristine: if its voluntary you're only going to get the elites, the people who afford it.
- Mackenzie: ON the ground, we see programs that do this voluntarily or mandatory. The programs that do it voluntarily there is no demand. High performance home programs, they would be the kind of homes trying to get scores in a voluntary market. Its not going to provide consumer awareness and protection. If you want folks to be aware of this during their buying process, it should be part of every single home.
- Kirstine: have you thought about it being a ballot measure? Did folks vote for this in Oregon?
- Mackenzie: Council, unanimous vote.
- Mackenzie: the data has a projected estimate for ghg per home. Im not sure if energy trust in oregon tracks that. They have two estimates to compare.
- Kristine: how is it making any difference? We would need a system to track the sale and then any rebates.
- Mackenzie: need an incentive for a post-hes score so if you do all the work then you have that comparison. Energy trust hasn't incentivized that yet.
- Mackenzie: IN OR if you have gotten work done on your home you should get a new one when you sell, but its hard to track.
- Thea: it also seems like 3,000 is a drop in a bucket.
- Kristine: you eat an elephant one bite at a time.
- Thea: we didn't go through MLS

- Mackenzie: the administrative rules says these are things that are publicly advertized for sale. Its really hard to enforce private sales, I'm sure there are things slipping through the cracks. Title company idea has come through but it han't been done.
- Thea: I'm just wondering in the best of all possible worlds how would this impact me

Home Energy Score Focus Group 9/18/24

Notes are a little all over the place and I wasn't able to track who said what. Anywhere it says "Habitat –" the representative from Habitat said that. "Lacey –" is the City of Lacey code enforcer.

Recommendation 1 General thoughts and feelings. What experience do you have with looking at home energy performance? Do you talk to customers about home energy performance?

If I want to sell my house does this block me from selling my house to then purchase the next one. Potentially making the housing pipeline harder.

Home inspectors don't really talk about energy performance at all. Some inspectors have add ons to do thermal imaging and have add ons.

Do your customers ask about energy performance? They do not. This could potentially be a selling point or decision-making push.

Habitat – Energize does minor weatherization upgrades. Habitat can opt into a tracking on their home where they report their energy use.

Manufactured homes are driven by energy codes forced into installing higher efficiency 'new' products and have a lot of costs to the house. Solar panels we don't have sun. Just to try to get to the energy code pushes boundaries. Forced into new technology, one of the hidden costs that go directly to the customers are the appraisers. Higher efficiency savings then get rolled into the value of the house. Cost gets passed onto consumers.

Expensive energy codes. Most of the stuff makes the house better, what is the cheapest option I can do. Solar panels are the cheapest thing you could add right now. Last code cycle added 14-20 thousand. Previous around 15,000. In the last 20 years 100,000 added to the cost of the home.

Recommendation: Develop compliance approach that encourages widespread adoption

Houses that need the most energy improvements. We are at least 4 years ahead of the rest of the country see this as doubling down as additional requirements. With energy code why would we have to do HES as well.

New houses are under Energy Star certification. Additional rating maybe doesn't make specific sense in Washington State. Inherently new construction will have a higher code already because of these stringent energy code.

ESDS falls higher than state energy code. Habitat follows this.

Prompt: Talk about LMI people. Rating itself and educational piece about home buying costs. Impact of HES on LMI folks.

There aren't no LMI people. LMI buyers may not be buyers bc they don't think they can. If you did something like this could add to the upfront cost could save money. Poor people are afraid of the upfront cost. Poor people don't seek rebates.

Habitat – 500 families on the waitlist for homes. Serves people under 80AMI.

Prompt: If HES was promoted would the score allow people to understand the utility bills of the house?

Habitat - I think the impact would come more towards LMI homeowners right now. Saw a lot of people who have lived in their home right now. City of Olympia have an old buying stock that are now looking to move out of the state because of favorability.

Prompt: Is there opportunity to educate home buyers on the score. Where would you be able to use this score to provide improvements for home buyers.

It's a great conversation to have information of things to improve that home's performance. During inspection can say and make energy discussions. A score would add an interesting conversation that people would use. Information is powerful.

Commerce puts out a lot of funding for nonprofits to put out educational work. There is funding to facilitate that.

New construction wouldn't be affected by it because of state code compliance. Remodelers would be most affected.

Prompt: Transaction process and HES and recommendations for improvements. A set of information to the home seller Does that provide any incentive to the seller to do anything?

Seller tries to make improvements to make more money. Put in 5000 for insulation got out 20000 from purchase.

Gut 10% of sellers might be savvy enough to see improves made to home before selling because of score.

HABITAT – see this as a hinderance to the selling of the home. Allow the buyer to interact with the transaction process to hop in and

Prompt: For the new homeowner would this be beneficial to know? Collaborative is recommending report also includes financial incentive information.

Depends on LMI homes are not seeking rebates. See that

Habitat – as a nonprofit its beneficial but as individuals

Prompt: Where do people go to do home energy improvements? What are the resources in the county?

Home improvement specialists. More importantly where do they get the money.

Building Industry resource – Can find anyone you would think is related to the building industry.

We can't usually give recommendations about who to go to. Reputable resources can be found on the website send them there to get a service provider.

LNI website to check a contractor's background.

City of Olympia has a good educational program for home owners.

Prompt: Regional implementations, is that good bad?

Smart people will replicate what was done first. Energize Olympia to Energize Thurston. Educational courses from Energize Olympia

Energy is not part of the conversation when you're inspecting a house with a home buyer. Do your own cost estimate and cost analysis. Make general comments about older equipment. Have folk that they refer to as specialists for home energy efficiency improvements.

Prompt do you see these HES

Probably going to have some grumbling of some sellers for the first few years. "This will detract from market price, might make them choose another house"

See people buying or selling a home before the ordinance is implemented.

Do they buy here or do they move on. The ones that haven't done the improvements are competing with the higher scored houses.

People care about renewables not energy efficiency.

Prompt: House can value for a whole lot more with improvements. Talk about the value of the home. How do you see that affecting the home, appraisal, cost, perceived value, or real value.

How would appraisals calculate that into your home score. VA appraisal would consider the home score higher than most.

Habitat – HES could potentially be a detriment to financing process. Underrider. This house will have a lot of costs for operation and maintenance. LMI people may not get financing because of the low HES score. Equity issue. Income doesn't lineup with the risk. Low income can't handle the higher cost of this low ranked home.

Immediate influence and longer-term impact.

Overtime we now have a housing stock with scores. Appraisers now see all houses have a score. Organically included into appraisal process eventually but at the beginning is there a standard for how each score is valued.

Keep going back to this piece of under riders. Equity consideration. Will this accidentally mess LMI households to finance a home.

Prompt: What kind of information would you give them. How would you provide them with additional information?

Habitat – moving closer and closer to building phasive houses.

Trifold brochure would be a nice talking point with QR code.

Manufactured homes – Cost analysis, what will be the lowest value for the highest price. Page on website and classes on HES

Redfin is a starting point as well as realtors.

Prompt: Where do you think homes are here on the score? Pre 4 years ago if all homes were low low. With the energy code looking back 20+ years.

Widely different between 10 years ago to today and 30 years ago to 10 years ago.

Early 2000s is when they started really ramping up the energy codes. Washington compared to the rest of the county

Customers would probably assume a newer house is already more efficient so wouldn't hurt to not have a score compared to a older home with a high HES.

Your energy bill continuously gets better but with diminishing returns. Looking at cost savings for customers.

Last 2 code cycles required heat pumps in the home. '21 In the next one people are going to have a plumbing. Heat pumps are mandated in new construction, can still have natural gas as backup. '18 was cost effective with Heat pump. They provided a credit for the heat pump. Home builders are chasing credits.

Prompt: Compliance warning and then a fine

Fine would be coming from the jurisdictions. Would have to enforce with municipal code.

Only one code enforcement officer for the city of Lacey. Greatly increase his work. Don't have too much experience with energy code mostly working with people who are nervous about if their home is habitable. Would probably have to have another position where this is their main focus. Don't have time to be proactive in compliance just relating to complaints.

Building Industry is seeing a lot of infrastructure challenges. Staffing needs.

Ideally there would be another way to achieve the end results where the benefits would be present but the negatives wouldn't be there.

Lacey: would want a climate person to do this.

Does this put a strain on the infrastructure for PSE. Might be about a decade out to support electrification efforts.

Prompt: Where should the fine be placed? What is the gate in the transaction process? If you don't have a score then you cant do what…

If charged to the Real estate agent can then just push those costs to the buyer

Lacey: can assign a fine but doesn't do it. Flagging it if they didn't release the code.

There's a way to do it without municipality enforcement. How many houses are listed outside of MLS. What do you do about people selling on their own. If their selling one Redfin

Looking at all the potential pathways of sale to ensure compliance happens for all homes.

At closing there is no energy score, then the seller you have to reserve $300 to pay for that score if it made it to closing without the score.

ESCRO lots of discounts to cover

The compliance requirement is combined with listing processes.

What is PSE's role in all of this. Isn't there some benefit to PSE so they should contribute.

Everything they push sends costs to homeowners.

Not cost effective to put natural gas in new developments.

UTC stress of the grid.

PSE can't get ahold of anyone to review property with solar panels. Continue to send bills but customer can't get a hold of anyone. PSE bills should show up and down of solar.

How you run your ductwork. Building Envelope relatively low cost that would see the most benefits.

Board of County Commissioners
Briefing Presentation Form

Title
Annual Rezone Package

Date
10/15/2025

Board Meeting
Board Briefing

Office/Department
Community Planning & Economic Development

Staff Contact
Ashley Arai, CPED Director

Attachments
- Martin Way Planning Commission recommendation letter
- BLQ Planning Commission recommendation letter

Type
☒ Informational
☐ Follow up/Continued work session

Board decisions will not be made during work sessions.

Primary Objective
Facilitate Board action on two comprehensive plan amendments (rezones) moving alongside the Thurston 2045 periodic update.

Staff Recommendation
Provide an E-brief and schedule a 30-minute Board work session prior to October 21, followed by two public hearings on November 18.

Background
Martin Way Land Use & Rezone Amendment
The proposal would rezone 7.1 acres of an 8.17-acre split-zoned parcel at 7809 Martin Way E from Low Density (LD) to Mixed Use High Density Corridor (MHDC). The front portion of the site is currently zoned MHDC and is used for trailer sales while most of the site is zoned LD, which allows for 0-6 dwellings/acre. The proposal aligns with the Martin Way Corridor Study and the Lacey Joint Plan, supporting higher density and commercial opportunities.

Thurston County Planning Commission recommended approval (6-4). The Lacey Planning Commission also recommended approval. Additionally, Thurston County Planning Commission recommended a broader upzoning along the Martin Way Corridor Study area, as appropriate to increase housing density. Both Planning Commissions shared concerns about the trailer sales operation expanding since there is no housing requirement in the MHDC zone. Public comments focused primarily on traffic concerns and potential incompatibility with surrounding land uses, which are largely low- to mid-density residential developments.
Key milestones completed:

- July 24, 2024 – Lacey Planning Commission Work Session
- August 7, 2024 – Thurston County Planning Commission Work Session
- August 28, 2024 – Lacey Planning Commission Public Hearing and Recommendation
- October 2, 2024 – Thurston County Planning Commission Public Hearing
- November 6, 2024 – TC Planning Commission Final Work Session and Recommendation (6–4 in favor)
- December 6, 2024 – SEPA Mitigated Determination of Nonsignificance (MDNS) Issued

Black Lake Quarry (Littlerock) Land Use & Rezone Amendment
The original proposal sought to rezone an active mine, approximately 270 acres in size, located at 4741 88th Ave SW. In response to community concerns about conserving Oregon Spotted Frog habitat, the applicant has since scaled back the proposal to 247 acres. The site is currently zoned Rural 1 per 20 acres (R 1/20). The proposed change to Rural Resource Industrial (RRI) would allow for an expanded list of natural resource-based industrial uses. The community and Planning Commission raised concerns about the proximity to the Black River and impacts from future development.

Key milestones completed:
- April 28, 2025 – Public Open House
- June 4, June 18, and August 6, 2025 – Planning Commission Work Sessions
- July 2, 2025 - Planning Commission Public Hearing
- September 3, 2025 – Planning Commission Final Work Session and Recommendation (6-3, 1 absent in favor of denying the rezone)
- September 18, 2025 – SEPA Mitigated Determination of Nonsignificance (MDNS) Issued

Budget Impacts/Requests
There are no budget impacts or requests.

Others Affected
Thurston County residents and staff.

Timeline/Next Steps
- October 15, 2025 – Board briefing
- November 18, 2025 – Public Hearing
- December 16, 2025 – Final Action, adopted as part of Thurston 2045 periodic update package

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COMMUNITY PLANNING &
ECONOMIC DEVELOPMENT
3000 Pacific Ave SE, Olympia, WA 98501
TTY/TDD call 711 or 1-800-833-6388
Website: ThurstonCPED.org
Ashley Arai, Interim Director

December 4, 2024

Thurston County Board of Commissioners
3000 Pacific Ave SE
Olympia, WA 98501

Subject: 2024 Official Comprehensive Plan Docket Item CPA-23 Martin Way Site-specific Land Use Plan and Rezoning Amendment

Dear Commissioners,

The Thurston County Planning Commission has completed its review of Comprehensive Plan Docket Item CPA-23, Martin Way Site-specific Land Use Plan and Rezoning Amendment.

The Planning Commission held a work session on August 7, 2024, a public hearing and subsequent work session on October 2, 2024, and a final work session on November 6, 2024. The Planning Commission received written and oral public testimony regarding the proposal, with seven (7) comments. Five comments were against the proposal, one comment was in support of the proposal, and one requested screening for the neighborhood when development is proposed.

On November 6, 2024, the Planning Commission issued a recommendation (6-4) to approve the request of the land use and rezone amendment.

> **"Move to recommend adoption of Comprehensive Plan docket item CPA-23, Martin Way land use and rezone amendment from Low Density to Mixed-use High Density Corridor."**

The Planning Commission produced the following findings of fact:
Findings:

1. The applicant requested a site-specific land use and associated zoning amendment of approximately 7 acres (parcel 11814210200) located at 7809 Martin Way East from Low Density Residential 0-6 units per acre (LD 0-6) to Mixed-use High Density Corridor (MHDC).
2. This item was added to the 2024 Comprehensive Plan Docket as Item # CPA-23 in 2024.
3. The Thurston County Planning Commission held a duly noticed public hearing on October 2, 2024, as required by Thurston County Code Chapter 2.05 Growth Management Public Participation.
4. This recommendation reflects the Planning Commission's consideration of public input and review of the proposed amendment.
5. The recommendation is consistent with the Growth Management Act 36.70A RCW.
6. The recommendation is consistent with the Thurston County Comprehensive Plan.
7. The recommendation is consistent with the Thurston County County-wide Planning Policies.

Thurston Board of County Commissioners
Carolina Mejia District 1 | Gary Edwards District 2 | Tye Menser District 3 | Wayne Fournier District 4 | Emily Clouse District 5

On November 6, 2024, the Planning Commission issued a second recommendation (10-0) to the Board of County Commissioners.

> **"Move to recommend upzoning along the Martin Way corridor, for the entire Martin Way Corridor Study area, from High Density residential to Mixed-use High Density Corridor, as appropriate."**

The Planning commission produced the following findings of fact:
Findings:

1. The Martin Way Corridor Study, completed in 2022, identified goals that included increasing housing along the corridor.
2. The Planning Commission has a desire to increase housing density in Thurston County, especially in urban growth areas.
3. The Martin Way Corridor is an ideal location to increase housing density.

Thank you for the opportunity to review and comment on the proposed amendment. If you have any questions, please feel free to contact me.

Sincerely,

Derek Day, Chair

cc: Thurston County Planning Commission Members
Leonard Hernandez, County Manager
Ashley Arai, Interim CPED Director
Travis Burns, Deputy Prosecuting Attorney

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Website: ThurstonCPED.org
Ashley Arai, Director

TO: Thurston County Board of County Commissioners

FROM: Thurston County Planning Commission

DATE: September 22, 2025

SUBJECT: Black Lake Quarry (Littlerock) Rezone and Land Use Amendment (CPA-24) Planning Commission Recommendation Letter

Dear Commissioners,

The Thurston County Planning Commission has completed its review of Comprehensive Plan Docket Item CPA-24, Black Lake Quarry (Littlerock) Rezone and Land Use Amendment.

The Planning Commission held work sessions on June 4th, June 18th, and July 2nd, a public hearing on August 6th, and issued a recommendation at a final work session on September 3rd, 2025. The Planning Commission received written and oral public testimony regarding the proposal, with 14 written comments. Ten written comments were against the proposal, citing primarily environmental concerns, particularly relating to the Black River. Three comments were in support of the proposal, and one requested thorough screening of impacts on groundwater levels and Oregon Spotted Frog habitat.

On September 3, 2025 the Planning Commission issued a recommendation (6-3) to deny the request of the land use and rezone amendment.

"Move to recommend that the Board of County Commissioners deny the rezone and land use amendment request."

The Planning Commission produced the following findings of fact:

Findings:

1. The applicant requested a site-specific land use and associated zoning amendment of approximately 270 acres (parcels 12718310000, 1371344000, 13724110000, 13724140000) located at 4741 88th Ave SW from Rural One Dwelling Unit per Twenty Acres (R 1/20) to Rural Resource Industrial (RRI).
2. This item was added to the 2024-2025 Comprehensive Plan Docket as Item # CPA-24 in 2024.
3. The Thurston County Planning Commission held a duly noticed public hearing on August 6, 2025, as required by Thurston County Code Chapter 2.05 Growth Management Public Participation.
4. This recommendation reflects the Planning Commission's consideration of public input and review of the proposed amendment.
5. The recommendation is consistent with the Growth Management Act 36.70A RCW.
6. The recommendation is consistent with the Thurston County Comprehensive Plan.

7. The recommendation is consistent with the Thurston County County-wide Planning Policies.
8. The recommendation is consistent with the intents of the existing and requested zoning and land use designations, as provided in the Thurston County Comprehensive Plan and Thurston County Code Chapters 20.09B and 20.29.
9. The site is located adjacent to the Black River Corridor and contains habitat for the Oregon Spotted Frog, a federally listed species.
10. The site contains mapped potential wetlands, shoreline areas, fish and wildlife habitat conservation areas, critical aquifer recharge areas, geologically hazardous areas, and frequently flooded areas.
11. The site is adjacent on all sides to low-intensity rural uses; primarily open space and residential uses, and it outside of Urban Growth Areas or other areas which support intensive development.

Thank you for the opportunity to review and comment on the proposed amendment. If you have any questions, please feel free to contact me.

Sincerely,

Joel Hansen, Chair

Cc: Thurston County Planning Commission Members

Leonard Hernandez, County Manager

Ashley Arai, CPED Director

Travis Burns, Senior Deputy Prosecuting Attorney

2025 Land Use & Rezone Amendments:
Black Lake Quarry and Martin Way

Community Planning & Economic Development

October 15, 2025

Board Briefing

2025 Package of Rezones

- All land has a zoning and land use designation
- Zoning regulates which uses are allowed on a property, established by the Comprehensive Plan and zoning maps
- Zoning contains development standards like setbacks, lot coverage, and residential density
- Property owners may request to change their zoning through the docketing process
- Rezones are part of the Board's once-a-year package of comp plan amendments

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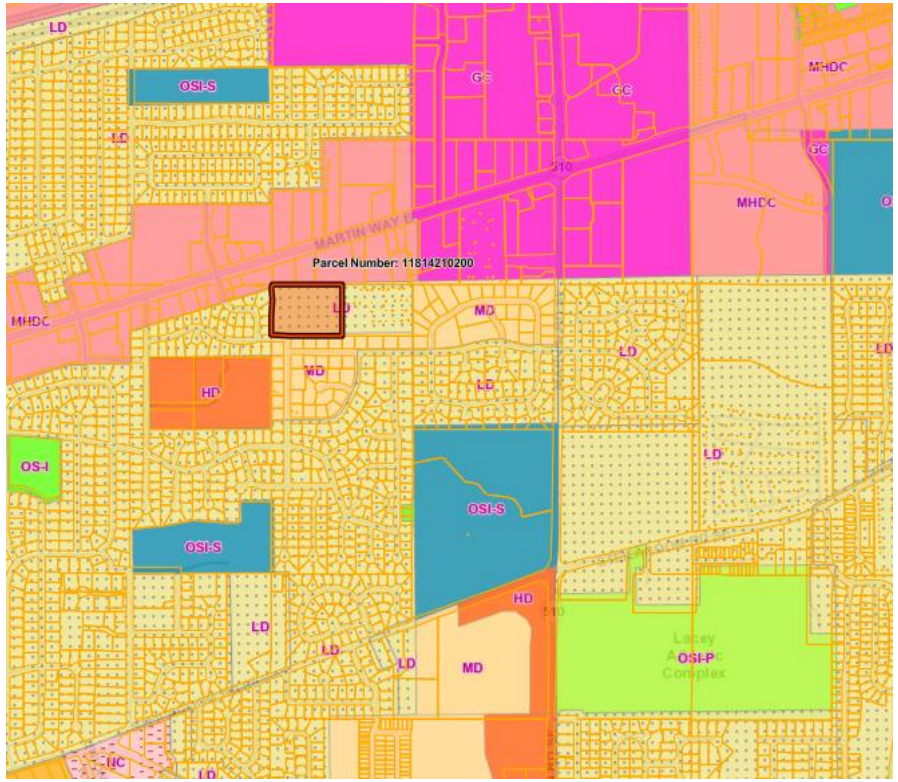
Martin Way Rezone Proposal

- 8.17-acre split zoned parcel
- Located at 7809 Martin Way in Lacey UGA
- Applicant initiated rezone from Low Density (0-6) and Mixed Use High Density Corridor for back half of property
- Current use: Vacant
- Rezone would allow expanded high-density housing and commercial uses



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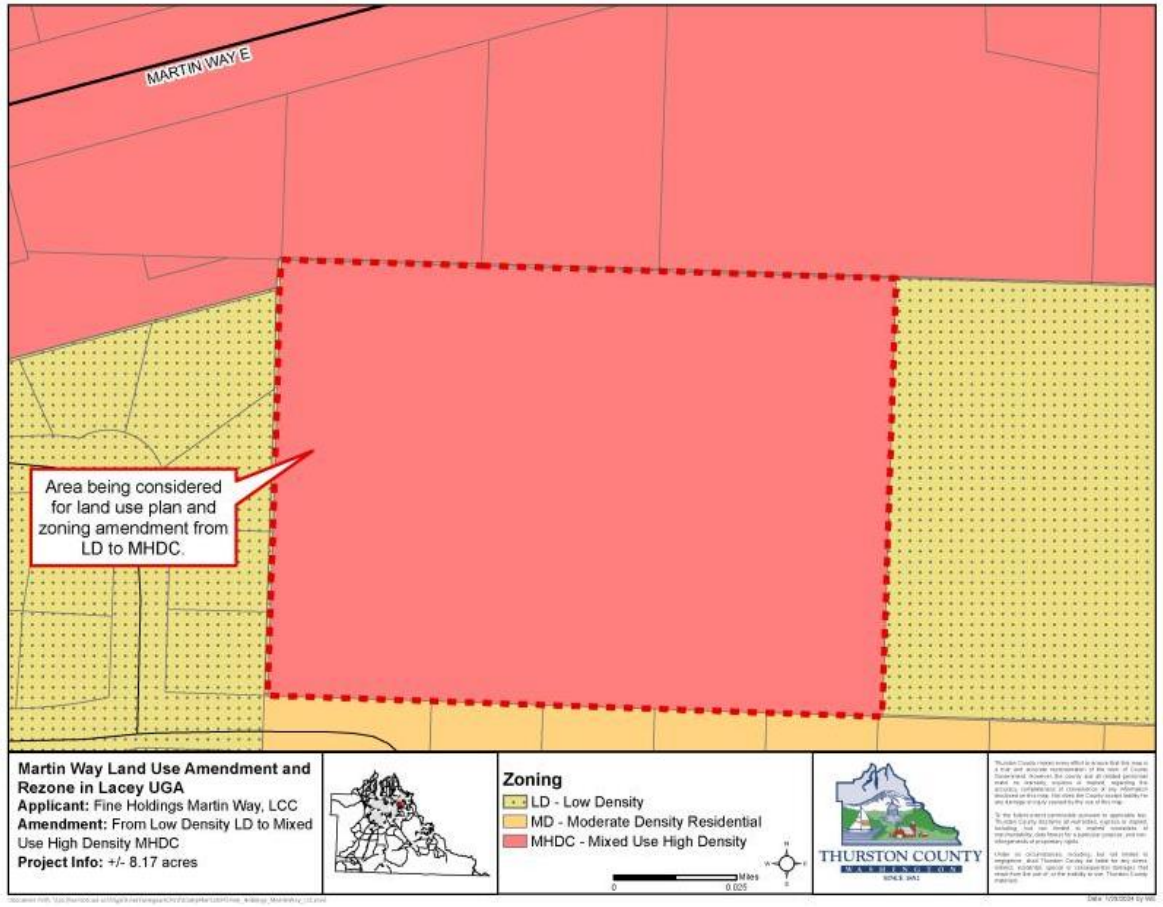
Martin Way Rezone Proposal



- 7.11 acres of the parcel are currently zoned LD
- Rezone to MHDC to have one zoning designation for entire parcel

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Martin Way Planning Commission Recommendations

- Lacey Planning Commission recommended adoption of Martin Way rezone
- TC Primary Motion: Move to recommend adoption of Comprehensive Plan docket item CPA-23, Martin Way land use and rezone amendment from Low Density to Mixed Use High Density Corridor
  - Date: November 6, 2024 | Recommended denial: 6-4, zero absent
- TC Secondary Motion: Move to recommend upzoning along Martin Way corridor, for entire Martin Way Corridor Study area, from High Density residential to Mixed Use High Density Corridor, as appropriate.
  - Date: November 6, 2024 | Recommended denial: 10-0, zero absent
- Supporting findings: Consistent with Martin Way Corridor Study, need for more housing
- Dissenting findings: Incompatible with adjacent zoning and land uses, concern about past code violations, no requirements to build housing

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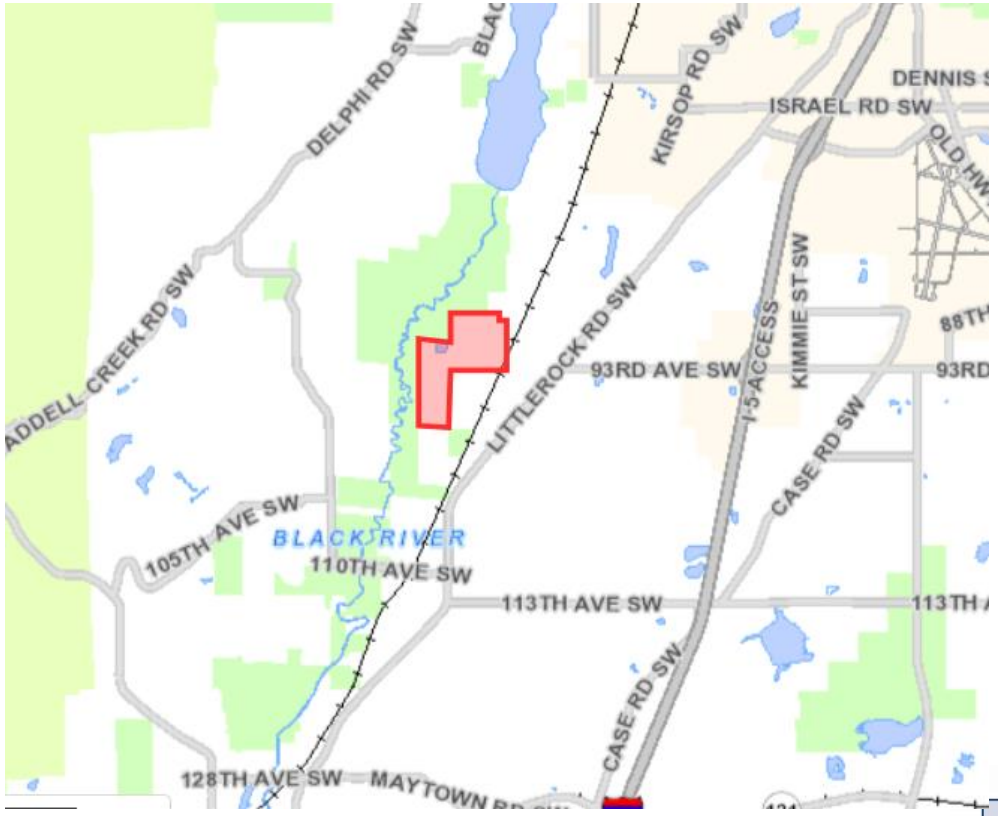
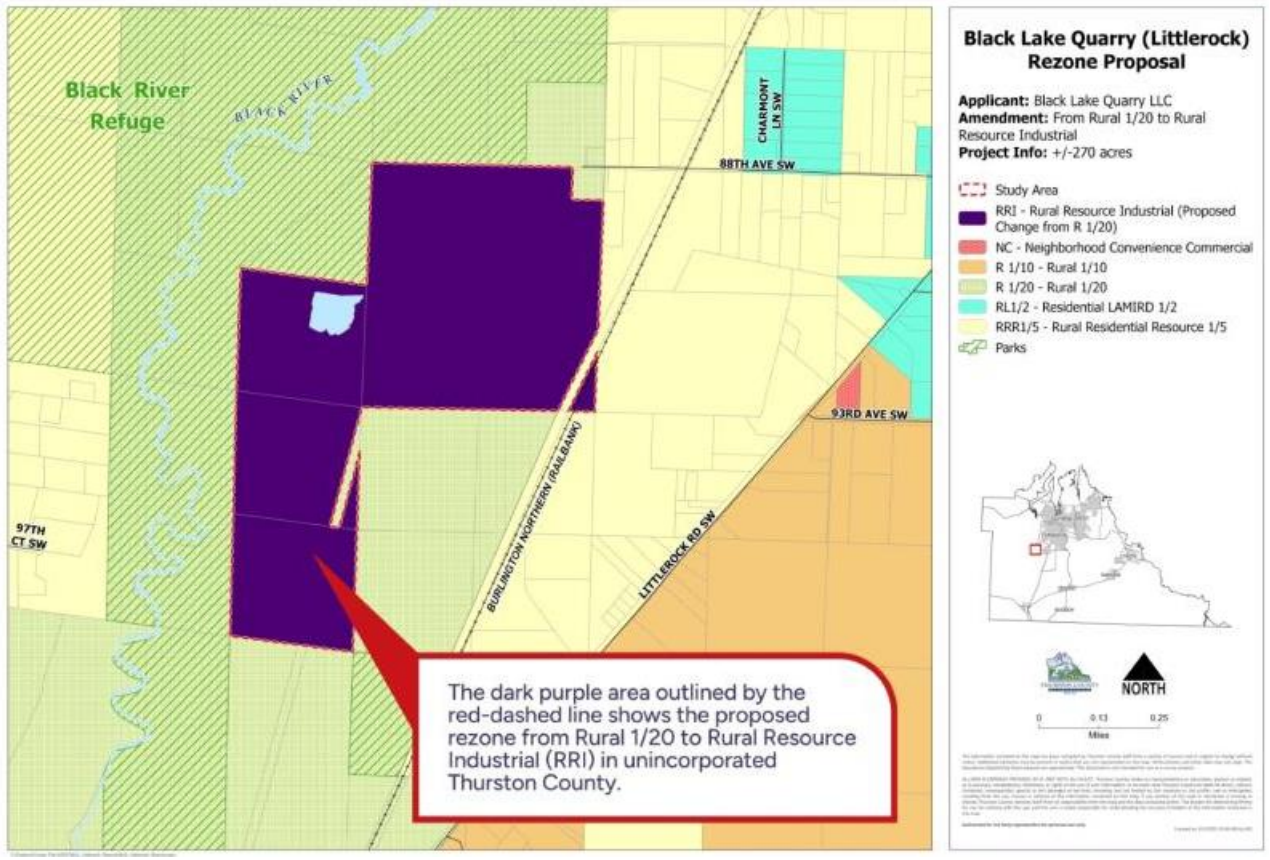
Black Lake Quarry Rezone Proposal

- Approx. 270 Acre property sited southwest of Tumwater
- Applicant initiated rezone from Rural 1/20 to RRI
- Current use: Gravel surface mining
- Rezone would allow industrial uses related to rural resources (forestry, mining, ag)



Black Lake Quarry *Original* Rezone Proposal



- Rezone entire 270 acres from R 1/20 to RRI
- Includes portions of site adjacent to Black River

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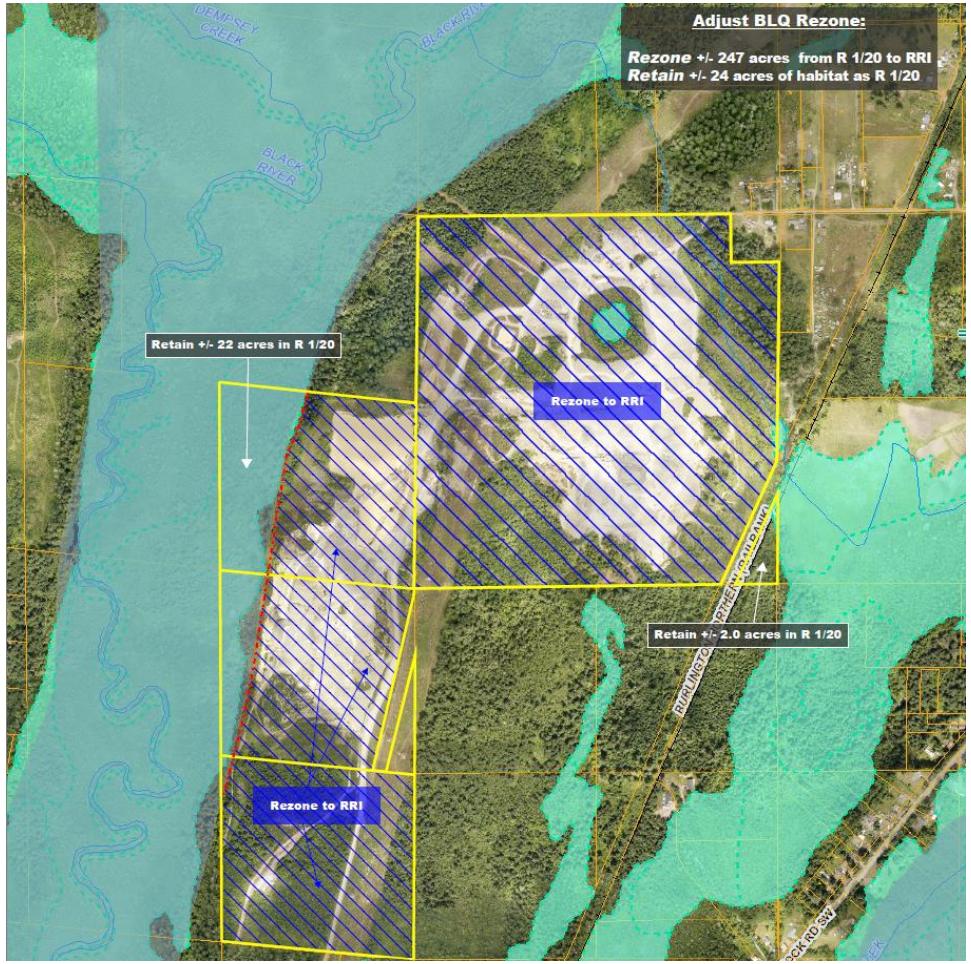
Black Lake Quarry ***Revised*** Rezone Proposal



- Rezone ~247 acres from R 1/20 to RRI
- Maintain R 1/20 zoning in ~24 acres
- Excludes critical areas associated with Black River

BLQ Planning Commission Recommendation

- Planning Commission reviewed only original proposal; applicant revised proposal in response to PC recommendation
- Primary Motion: *Move to recommend that the Board of County Commissioners deny the rezone and land use amendment request.*
  - Date: September 3, 2025
  - Recommended denial: 6-3, one absence
- Supporting findings: Environmental concerns, proximity to Black River, conflict with zoning intent
- Dissenting findings: Need for RRI zoning, support for rural industries, incentive for site restoration

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Timeline: Next Steps

September 26, 2025: E-brief Sent to Commissioners

October 15, 2025: Board Briefing

November 18, 2025: Board Public Hearings

December 16, 2025: Board Final Action, packaged with Thurston 2045 Com Plan Update

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