



Local Governments Empowering Our Communities

2019 Residential Green Labeling Implementation Plan

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PROGRAM BUDGET AND SAVINGS INFORMATION

1. Program and/or Sub-Program Name: **Green Labeling**
2. Sub-Program ID number: **BayREN07**
3. Sub-program Budget Table:

BayREN 07 Green Labeling	2019
Administration	\$ 23,500
Marketing, Education & Outreach	\$ 400,000
Implementation (Direct Install Non-Incentives)	\$ 90,000
Incentives	\$ 500,000
Total	\$1,013,500

4. Sub-program Net Impacts Table: **N/A**
5. Sub-Program Cost Effectiveness (TRC): **N/A**
6. Sub-Program Cost Effectiveness (PAC): **N/A**
7. Type of Sub-Program Implementer (Core, third party or Partnership): **Partnership**
8. Market Sector (including multi-family, low income, etc): **Residential, single family and multifamily**
9. Sub-program Type (Non-resource, resource acquisition, market transformation): **Non-resource**
10. Intervention Strategies (Upstream, downstream, midstream, direct install, non-resource, finance, etc): **Non-resource**

PROGRAM DESCRIPTION

BayREN will expand its existing Green Labeling activities currently being offered as part of BayREN's Single Family program, as a standalone program beginning in 2019.

The Green Labeling program will build upon and expand its work in the single family sector by continuing to offer the Regional Home Energy Score (HEScore) Program and provide continuing education and other opportunities for realtors, appraisers and lenders to increase their ability to understand, market and evaluate energy efficient and green homes. The primary objective of the

program is to establish integrated and aligned green labeling to increase awareness and information transparency, and to support and increase savings in the single family and eventually multifamily programs.

Developed by the U.S Department of Energy (DOE), Home Energy Score is a national program and BayREN member StopWaste is a regional partner for qualified Assessors in the San Francisco Bay Area that provide a comprehensive home energy assessment using the Home Energy Scoring Tool. The Home Energy Scoring Tool is quick and easy to use and does not require any testing or special tools. Assessors can gather the information needed to assess a home in one short visit. This low-cost assessment can be provided as a stand-alone service or as an add-on to a home inspection or more comprehensive energy assessment.

For 2019, the Program will focus on the following activities:

Test affordable, accessible options for green labeling

BayREN will leverage ongoing efforts with the HEScore, which uses a simple metric similar to a vehicle's mile-per-gallon rating. Single family homes are scored on a scale from 1 to 10 relative to other homes in the same climate zone, with 10 representing a highly efficient home and 1 representing a low efficiency home. The score reflects expected energy usage based on the home's building energy efficiency characteristics. Additionally, the program will test affordable, accessible options for green labeling to drive demand for energy efficiency upgrades among homeowners and buyers, renters, building contractors, and the real estate and financial professionals who facilitate transactions.

Educate and Motivate

Engage, educate, and motivate the Bay Area's real estate, rental, and financing professionals so they can help their clients—single family home buyers and sellers, and renters—make better informed decisions about the buildings they are concerned with and about real estate and building upgrade investments. Educational information will address various labels, assessments, and ratings that may be available for a building, such as Energy Star, HERS, or Home Energy Score. However, the BayREN's focus is on professionals who serve the existing building market, as opposed to new home builders, because older housing stock is the primary target for energy upgrades.

Green Fields in MLS

BayREN members will conduct outreach to their local real estate stakeholders and promote the use of green fields in the Bay Area's MLS. This will be done in coordination with the Real Estate Standards Organization data protocols and will promote third-party platforms for home sales and apartment rentals that convey the value of green and energy efficiency features. The BayREN is

tracking the emergence of applications that provide estimated utility bill costs for homes on consumer-oriented websites (i.e., Trulia, Zillow, HotPads).

PROGRAM DELIVERY AND CUSTOMER SERVICES

In California, improving the energy efficiency of existing residential buildings has become an urgent priority for state, regional and local governments. Making significant and lasting reductions in residential energy use will require sustained, multifaceted interventions to motivate the public to invest in energy efficiency and other green home improvements. The efforts are undertaken because as green labeled buildings prove their value in the marketplace, the labels will become a primary driver in the overall retrofit market.

The Green Labeling program will build upon and expand its work in the single family sector, where greater potential for energy savings remains untapped—single family homes account for 75% of the Bay Area’s housing units. Research has documented the value of green labels for single family homes, which is likely to help green labeling gain acceptance among homeowners, buyers, and the real estate and financing 42 industries.

Customers

The Green Labeling program will offer professional education opportunities to the real estate community and industry stakeholders by providing continuing education and other opportunities for realtors, appraisers and lenders to increase their ability to understand, market and evaluate energy efficient and green homes.

The HEScore component of the Green Labeling program targets contractors, home inspectors, raters, and building professionals to conduct home assessments and produce the HEScore. Currently, only single family homes and duplexes can receive a Score and the resident must live in one of the nine Bay Area Counties. To encourage voluntary participation in HEScore, BayREN offers an incentive, supports contractor-led marketing, offers mentoring to help Assessors gain experience in the field and rebates for completing a Score.

Marketing and Outreach

BayREN Marketing and outreach consists of local, regional and statewide activities. BayREN member Counties serve as trusted messengers and are responsible for creating localized marketing plans that serve the uniqueness and needs of the local communities. Regional marketing supports local outreach through collateral development, media buys, digital campaigns, etc. BayREN has already developed a suite of collateral for communicating the value of HEScore to residents in the Bay Area and has supported co-marketing efforts with multiple HEScore

assessors. The Green Labeling program will work closely with County agencies in 2019 to do the following:

- Promote BayREN (Home Energy Score and/or real estate education) trainings to local stakeholders
- Identify local venues or test homes for trainings
- Engage local building professionals that could serve as Home Energy Score Assessors
- Maintain and develop relationships with local real estate associations and presenting at realtor meetings
- Provide local information, contacts and data that support and promote the program

Program Delivery

Real Estate Sector Education

For the real estate sector education work, the program will continue training real estate agents, home inspectors and appraisers on the value and benefits of green building for their clients through organized trainings and forums in collaboration with local County agencies. The program aims to:

- Provide ongoing real estate forums to help early adopters advocate for change in their industry and network with other building industry professionals.
 - BayREN members have learned that stand-alone training of real estate professionals is not sufficient to transform industry practices. An ongoing forum for real estate professionals to engage with peers is necessary for them to utilize their new skills and advocate for changes in the existing system. Real estate forums can lead to case studies, hosted open home events and valuation studies of green-labeled homes at time-of-sale.
- Conduct outreach to local MLS organizations and realtor associations.
 - Support will be based on guidance from the National Association of Realtor's Greening the MLS Guide, and any California specific updates. BayREN will also reference the Real Estate Standards Organization's guidelines for MLS databases.
- Continue to promote the value of green labels and conduct additional market research.
 - In the long term, BayREN would like to conduct a follow up study to the 2012 Value of Green Labels in California and gauge current levels of consumer interest in green building and energy efficiency and attempt to gather more information about the value premium associated with the upgrade of existing homes.

Home Energy Score

In 2015, after analyzing various alternatives, StopWaste, in collaboration with BayREN, began offering HEScore in the Bay Area through an official partnership with the DOE. BayREN provides support to local governments that are interested in promoting Home Energy Score in their jurisdictions. BayREN has enabled the recruitment and training of HES qualified assessors, developed HES program protocols, and created a customized HES Energy Improvement Recommendations form that aligns with the Single Family program. BayREN has supported technical and workforce development for the new Building Energy Saving Ordinance (BESO) that requires single family homes to obtain a Home Energy Score at time of sale.

Starting in 2016, BayREN began to offer an incentive for voluntary participation in HEScore. This \$250 incentive can be paid either to the assessor or homeowner. Properties also participating in the Audit Incentive program under the Single Family program will be limited to a combined incentive of up to \$400. HEScore assessors must complete a training and qualification process outlined by the DOE and is separate from the BayREN Single-Family program training to be eligible to offer HEScore incentives. Customers undergoing an HEScore rating are referred to BayREN's Home Energy Advisors, single family upgrade programs, and financing as a solution to increasing their home's rating.

Assessor Eligibility Requirements

Home Energy Score Assessor or Assessor, refers to home inspectors, contractors, raters or other professionals that have been accepted into the BayREN Home Energy Score partnership. In order to participate in the program, Assessors must meet certain eligibility and ongoing performance requirements, including the BayREN Quality Assurance and Quality Control (QA/QC) requirements. Interested individuals must complete the following steps before they can offer a Score:

- Watch a recorded training session, available online.
- Complete and sign the Assessor Agreement.
 - Home Energy Score assessment can only be performed on a single-family home located within the nine-county Bay Area.
 - Assessors must possess the minimum insurance requirements outlined in the Assessor Agreement and all other appropriate insurance policies required by the State of California.
- Assessors must hold a relevant credential from one of the residential trade organizations recognized by the DOE (see below).
- Pass the DOE SIM training, which is a two-part online test to access the Home Energy Scoring Tool.

- Once both parts of the training and testing are successfully completed, Assessors must score at least one home every four months to maintain an active status in the program. A program mentor will accompany assessors on their first assessment and rescore 5% of their assessments to ensure quality program wide.

Individuals interested in becoming Assessors must hold a relevant credential from one of the residential trade organizations listed below. Home Energy Score recognizes the following credentials as well as more comprehensive certifications offered by these organizations.

Organization	Minimum Accepted Credential*
American Society of Home Inspectors (ASHI)	ASHI Inspector or Certified Inspector
Build it Green	Green Point Rater or Certified Green Building Professional
Building Performance Institute (BPI)	Building Science Principles Certificate of Knowledge
California Real Estate Inspector Association	CREIA Certified or Master Inspector
International Association of Certified Home Inspectors (InterNACHI)	Home Energy Inspector
National Association of Home Inspectors (NAHI)	Certified Real Estate Inspector
National Association of the Remodeling Industry (NARI)	Green Certified Professional, Certified Remodeler, or Master Certified Remodeler
North American Technician Excellence (NATE)	Air Conditioning/Heat Pumps, Gas/Oil Heating, or Gas/Oil Hydronics
Residential Energy Services Network (RESNET)	HERS Rater

*Minimum credential is not required if the interested Assessor already holds a higher level certification from one of the credentialing organizations listed.

Quality Assurance and Quality Control Protocols

The HEScore program uses desktop Quality Assurance (QA) and in-field Quality Control (QC) protocols to ensure that Home Energy Score Assessors report participant data accurately and that Home Energy Scores are generated in accordance with DOE participation requirements and guidelines.

Program Mentoring

Qualified Assessors will receive one-on-one mentoring and assistance offering Home Energy Score in the Bay Area. Program implementers set up a brief orientation call outlining the mentoring process, explain the DOE branding guidelines, and provide tips for using the Home Energy Scoring

Tool. The first Home Energy Score conducted by an Assessor will be a mentoring session, wherein qualified program mentors will observe the Assessors' work in the home, leading up to and including generation of a Home Energy Score report. During the mentoring session, the program administrator will offer guidance on best practices, and point out any errors or deficiencies in the Assessor's data collection and Home Energy Score generation approach. The Assessor will need to correct any errors or deficiencies related to the Home Energy Score Report.

If the Assessor is unable to properly complete the Home Energy Score without significant guidance from the mentor, a mentoring session will be required for the Assessor's second Home Energy Score. If an Assessor continues to require significant guidance to properly complete a Home Energy Score, the program administrator will discuss additional training options with the Assessor. The program administrator may require that the Assessor complete those additional training courses before another Home Energy Score is completed.

Shadowing

After the Assessor has completed his or her mentoring session(s), the program will conduct an on-site "shadow" inspection on 5% (1 in 20) of his or her next Assessments. Within every set of 20 Assessments completed by an Assessor, a program administrator will randomly select which Assessment will be shadowed. Before the Assessment is to be conducted, the program administrator will coordinate with the Assessor to meet at the scheduled Home Energy Score Assessment for that house. This shadow session will cover data collection and data entry into the Home Energy Scoring Tool, and not any unrelated aspects of a home inspection that may coincide with the Home Energy Score Assessment.

During the shadow session, the program administrator will not provide feedback to the Assessor. After the session, the program administrator will provide feedback to the Assessor and request that the Assessor correct any deficiencies. If the shadow session uncovers three or more minor deficiencies/errors or a major deficiency/error (i.e., an error that would affect the Home Energy Score number assigned to the home), the Assessor will be consulted and required to retake the DOE training and/or a mentoring session, at the discretion of the program administrator.

PROGRAM DESIGN AND BEST PRACTICES

In California, improving the energy efficiency of existing residential buildings has become an urgent priority for state, regional and local governments. Making significant and lasting reductions in residential energy use will require sustained, multifaceted interventions to motivate the public to invest in energy efficiency and other green home improvements. The efforts are undertaken

because as green labeled buildings prove their value in the marketplace, the labels will become a primary driver in the overall retrofit market.

Green labeling of existing homes has emerged from the successful use of labeling systems such as LEED® for commercial buildings and ENERGY STAR® and GreenPoint Rated for new homes. Green labels for existing homes, and their value in the marketplace, can be deployed as a tool to complement and build on other market transformation strategies such as incentives and financing. Broader uptake of credible green labels for existing homes (e.g. GreenPoint Rated, HERS II, LEED for Homes, and the U.S. DOE's Home Energy Score) has the potential to:

- **Create market transparency** and enable the value of green building improvements to be recognized and acted on by home owners, home buyers, and the real estate and financial professionals who facilitate transactions
- **Serve as a driver for investment in residential building energy efficiency**, especially in mild climates like the Bay Area where energy upgrades can have a long payback period
- **Accelerate consumer awareness** about the value of energy/green improvements

Market Barriers

Without a widely accepted mechanism for green labeling of existing homes, it will remain difficult for:

- Home buyers to make rational choices that factor in a property's energy efficiency and other green attributes
- Home sellers to understand or take advantage of the potential sales price premiums if they invest in energy upgrades before sale
- Real estate professionals to communicate the value of energy efficiency improvements to home sellers and help home buyers identify more energy-efficient properties or finance upgrades post-sale
- Home inspectors and appraisers to identify and properly evaluate the value of green homes versus conventional homes

The BayREN's Green Labeling program takes three approaches to overcome market barriers:

1. Engage and Educate the Real Estate Industry

The time of home purchase/sale is a key leverage point for educating the public on the value of energy upgrades. Real estate professionals are in a unique position to persuade home sellers to upgrade their homes to sell more quickly and at a higher price, to help home buyers identify energy-efficient homes to purchase, and to procure financing for energy-efficiency upgrades after purchase.

However, most real estate professionals lack the knowledge or expertise to help clients take advantage of these opportunities.

2. Improve Information Transparency

In 2012 BayREN members San Francisco and StopWaste funded an academic study that shows that green labeled homes in California sell at a premium of 6 percent on average. To build on this growing awareness of the added value of green homes, mechanisms are needed that provide for rational information exchange. Promoting the use of green fields in the Bay Area's Multiple Listing Services and other platforms for real estate transactions will help make energy-efficient homes more visible to homebuyers. The Real Estate Standards Organization is requiring all local MLS providers to update their data fields to new standards by 2018.

3. Test Inexpensive, Accessible Labeling Options

BayREN is offering the Department of Energy's Home Energy Score (HEScore) as a complement to the Single Family program. HEScore is a simple and low-cost way to increase awareness and spur investment in home energy efficiency. A Home Energy Score report provides not only the Score, but customized recommendations, associated energy savings estimates, and referrals to home upgrade programs, incentives, and financing tools. The HEScore report becomes a critical link between information and action. Linking the Score to supporting resources encourages homeowners to identify opportunities, make the improvements that will result in increased efficiency and comfort, and leverage investment in home energy upgrades in the marketplace.

EM&V

There are currently no planned EM&V activities for the Green Labeling Program. The program will collect performance metrics related to Scores and Real Estate training(s) and provide accomplishments and achievements in the Annual Report.

PILOTS

The program does not currently have any pilot projects planned for 2019. The California Energy Commission (CEC) anticipates that a new Energy Rating Index will be available by 2020, at which time BayREN could participate in a pilot program.

ADDITIONAL INFORMATION

Design of Incentives to Customers or Implementers

N/A as this is a non-resource program and does not provide incentives for energy efficiency measures. Incentives structure is based on the average cost of a Home Energy Score (\$250) and is payable to either the homeowner or assessor after completing a Score.

Lighting Technologies

N/A. The program does not install any measures or offer incentives for lighting measures.

Workforce Issues and Quality Standards

The program only conducts Audits and does not install any measures. The program follows the workforce and quality standards set forth through Department of Energy (DOE) for qualified Home Energy Score Assessors.

Metrics Referenced in D.15-10-028

The program collects all of information from a Score in a central tracking system. Actual metrics are TBD.