POLICIES FOR CONSIDERATION BY EXISTING BUILDINGS COMMITTEE
Green Building Task Force

I. Financing and Incentives

a. Funding Sources

i. **Low Interest Loans:** The City could establish a partnership with local lenders to provide low interest loans to residential and/or commercial property owners for targeted energy efficiency upgrades. Low interest rate guaranteed either through volume (or by City Light buy-down). Loans could be 'guaranteed' by energy savings recouped over time.

ii. **Private Financing - Pool.** A pool of capital that private investors put together to provide a private loan fund for EE projects. The fund would be privately managed. Loan applications and repayment could happen in partnership with or independently of the City.

iii. **Energy Efficient Mortgages:** Owners would be guaranteed better terms (e.g. a lower interest rate) in exchange for investment in energy efficiency improvements as demonstrated by meeting a checklist or performance-based measure such as described under the Disclosure Mandates, below.

iv. **Public Financing – Pool.** Like the current Green Building Revolving Fund for city projects, a similar option could be made available for any property. For private sector customers, lien against property could be used as insurance.

1. **Energy Efficiency Local Improvement District:** Publicly issued bonds to provide low interest and assignable financing streams to home owner energy efficiency upgrades.

2. **Revenue Bond issue:** Energy savings could be financed through a city bond issue with expected energy savings used for repayment, with program delivery provided by the City.

b. Innovative Repayment Mechanisms that attaches the financing and repayment to the property (rather than the owner or tenant) and/or deal with the "split incentive" problem.

i. **Add on to property taxes:** The cost of upgrades could be added to property taxes at the time of sale, thereby ensuring that the efficiency savings stay with the property (and savings accrue to the current owner for the life of the measure(s) regardless of the number of times the property changes hands).

ii. **On-bill Financing:** City Light (or Seattle Public Utilities) could facilitate the financing (using public or private dollars) of efficiency upgrades on utility bills. Upgrades would be chosen such that the efficiency savings exceed the investment, such that consumers always see a savings in energy costs in their regular statements.

c. Other Financial Incentives

i. **Energy efficiency tax credits:** Owners who complete some designated level of energy efficiency upgrade would be eligible for a credit on their property taxes for the "lifetime" of the measure.

ii. **Carbon Feebate:** A fee-bate could be tied to either prescriptive or performance efficiency requirements, such that those falling below the minimum would pay the fee, the fee would be waived for those just meeting the threshold, and owners

II. Mandates

a. Disclosure: Owners of existing residential and commercial buildings could be required to disclose specific energy efficiency information at various trigger points (e.g., time of sale, time of rental, date certain, etc.).

i. Building's Historical Energy Use: Owners would be required to report utility data for a specified time frame (e.g., last 5 years). This data would be held in a public data base and could then be accessed by any investor to help inform purchasing decisions, the intent being that energy use becomes a market differentiator and drives investment in efficiency by current property owners.

ii. Building Energy Performance: Energy 'performance' may not be as vulnerable to individual behavior (e.g., one owner (a family of four) may be a much more intense energy user than a second owner (single adult) of the same property), and therefore may be a better indicator of overall efficiency of a property. Performance may be reported through either a prescriptive or performance-based approach and similarly held by the City for public access.

1. **Checklist:** Properties would be subject to a prescriptive checklist rating to determine their general energy performance. Checklist would include a set of the most common and cost effective measures which if implemented would achieve the desired level of energy performance and properties would be "rated" based on the number of measures achieved out of the total included on the list (e.g. a property would be rated a "4" if 4 out of 10 measures are present at the time of disclosure).

2. **Rating/Label:** Residential owners would be required to conduct a home energy audit and provide the results in terms of a Home Energy Rating System (HERS)-based label. There are a number of options for labels that could be utilized including Energy Star for Homes, a Home Energy Performance Certificate, or other HERS-based labels on the market. Commercial owners would be required to use a benchmarking or performance tool such as the EPA's Portfolio Manager.

b. Upgrades: Owners would be required to complete certain energy efficiency upgrades at various trigger points. Similar to disclosure of performance data, upgrades could be mandated through either a prescriptive or performance approach.

i. Prescriptive Requirements: Properties would be required to achieve a list of energy efficiency upgrades. These checklist requirements would be established to achieve a minimum level of cost-effective energy efficiency (roughly comparable to the 20% efficiency target). Owners implementing measures achieved beyond the minimum requirements could be eligible for additional incentives or rebates.

ii. Performance Requirements: Owners would be required to meet a minimum level of energy performance based on the chosen rating/labeling system (e.g. 20% better than baseline, "Energy Star," LEED-Silver, or some other rating equivalent to a 20% improvement). Similar to the prescriptive method, owners achieving higher than required ratings could be eligible for additional incentives, financing, etc.