

Building Energy Disclosure: Mission Statement - 9/8/11 Draft

The task of the Building Energy Working Group is to study whether and how to require disclosure of the energy efficiency of commercial and residential buildings in order to make data on building energy performance visible in the marketplace for real property and inform the choices of those who may purchase or rent such property.

Context and Benefits

Building Energy Disclosure addresses a failure in the current marketplace to assign a value to energy efficiency in a home or building. Although energy-efficiency improvements have a tangible value in terms of energy savings and reduced annual costs, they are currently invisible in the marketplace because there is no widely used, consistent metric or method for quantifying and disclosing this information (as there is with the MPG sticker on a car). The success and fairness of such disclosure will depend in part on universal use of the same simple scoring method for each property.

Building Energy Disclosure will provide the following **direct benefits**:

- **Sellers** will see the value of their investment in energy efficiency improvements captured in the resale value of their buildings, encouraging investment in such improvements; and
- **Buyers** will be able to consider building energy performance and related operational costs as part of their purchase decision, potentially rolling the cost of any needed improvements into long-term mortgage financing at the time of purchase.

Building Energy Disclosure will also provide the following **indirect benefits**:

- **Lending institutions** will have a reliable method for considering energy costs as part of their underwriting criteria;
- **Appraisers** will have a tool for incorporating energy performance into building valuation; and
- **Contractors** will see an increase in demand for energy efficiency improvements due to their value in the marketplace, supporting job creation and economic development.

Building Energy Disclosure will also provide the following **statewide benefits**:

- It will help us meet our **statutory goal** to improve the energy efficiency of 25% of Vermont's housing stock (or 80,000 homes) by 2020, saving Vermonters money and reducing greenhouse gases.