

Time of Sale Energy Disclosure

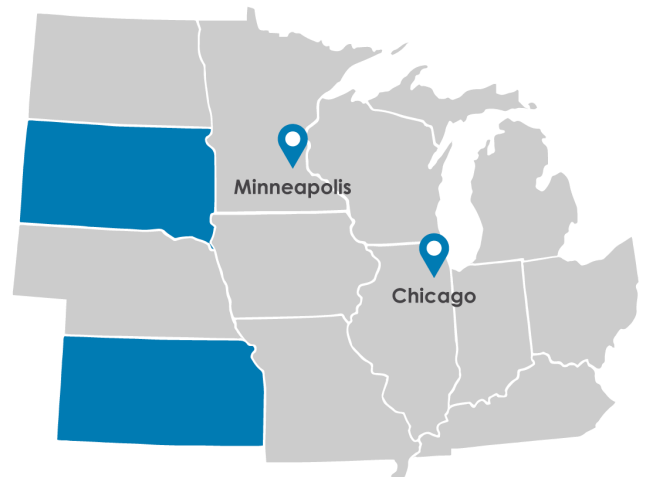
How Transparency Benefits Home Buyers and Sellers

Several cities and states have instituted policies that require sellers to disclose utility costs, energy audit/assessment results, or energy efficiency (EE) features when a residential property is listed for sale or sold. This transparency raises awareness of a home's energy use and efficient features, benefiting both homebuyers and sellers in the process.

Energy Transparency in the Midwest

Currently, two cities and two states within MEEA's 13-state footprint have residential energy disclosure ordinances in place:

- **Chicago, IL**— requires disclosure of energy/utility costs at time of listing
- **Minneapolis, MN**— requires that energy efficiency characteristics and energy costs be included in the "Truth in Sale of Housing" report at time of listing
- **State of Kansas**— requires disclosure of energy efficiency characteristics (new construction only)
- **State of South Dakota**— requires disclosure of energy efficiency characteristics (new construction only)



Types of Ordinances Nationwide

What information is required to be disclosed? Different cities/states require the disclosure of energy in different ways. This chart shows the different types of ordinances used in jurisdictions across the U.S.

	Energy/ Utility Costs	Energy Efficient Characteristics	Home Energy Score	Energy Audit	Educational Information
Chicago, IL	✓				
Minneapolis, MN	✓	✓			
Kansas		✓			
South Dakota		✓			
Portland, OR			✓		
Berkeley, CA			✓	✓	
Montgomery County, MD	✓				✓
Alaska	✓				
Hawaii	✓				
Massachusetts					✓
Austin, TX				✓	
San Francisco, CA				✓	

How Transparency Benefits Your Community

When leveraged by municipalities, energy disclosure ordinances:

- **Help municipalities** meet energy reduction targets by motivating homeowners and potential buyers to invest in energy efficiency measures
- **Help potential home buyers** choose an efficient home, identify possible efficiency improvements that will lower energy costs long-term and accurately estimate the true cost of owning their new home
- **Help sellers** convey the value of energy efficiency improvements, adding a selling point to their home
- **Help real estate agents** by giving them insight into a home's efficiency features, allowing them to be showcased and properly valued
- **Contribute to workforce development** by increasing the demand for home energy audits and home performance upgrades, potentially sparking job creation

Time of sale energy disclosures create a positive cycle that drives the residential real estate market to become more energy efficient.

In Focus: Chicago's Energy Disclosure Ordinance

In 1987, Chicago passed an energy cost disclosure ordinance that required sellers to disclose the previous 12 months of a building's heating costs at the point of sale. The disclosure process was improved in 2013 through a partnership between the City of Chicago Office of the Mayor, Elevate Energy and Midwest Real Estate Data (MRED), the local Multiple Listing Service (MLS).¹

Chicago soon became the first municipality in the United States to allow immediate disclosure of residential energy costs, both gas and electric, when a home was listed for sale on MRED. The updated ordinance permits automated population of energy costs directly into the MLS, allowing home sellers to easily disclose their utility costs at the time of listing. In addition, an Energy eCompliance tool was launched to help real estate agents in Chicago provide homebuyers with immediate online access to an energy cost disclosure report for a property, increasing overall compliance with the city's disclosure ordinance.¹

"For sellers, an energy efficient home can be an excellent attribute that sets their listing apart from the competition. For buyers, if a home can save them money over the course of ownership through consistently low utility bills, it adds great appeal. The cost disclosure allows buyers to make well-informed decisions and encourages more property owners to see the many benefits of energy efficiency."

- Chicago-area real estate agent

Interested? We Can Help!

For more information, take a look at [ACEEE's Residential Energy Use Disclosure Toolkit](#). Those interested in adopting an ordinance or knowing more can reach out to Natalia Gardocki (ngardocki@mwalliance.org) for information and technical assistance.

Sources

¹ Elevate Energy, 2016. "Moving the Market: Energy Cost Disclosure in Residential Real Estate Listings" 2016 ACEEE Summer Study on Energy Efficiency in Buildings https://www.elevateenergy.org/wp/wp-content/uploads/Moving-the-Market_Energy-Cost-Disclosure-in-Residential-Real-Estate-Listings.pdf