Aiming Higher: Washington's Residential Stretch Code

SB 5293 / HB 1257

INNOVATE

Washingtonians recognize that we need to go *further, faster* to address climate change and to use our energy responsibly. Many cities and counties are doing as much as they can locally to reduce their own energy use and greenhouse gas emissions.

This policy would give localities another tool: the option to further reduce energy use and carbon emissions in new residential construction, while maintaining flexibility for homebuilders and lowering utility bills for residents.

In Washington, buildings account for 27% of our greenhouse gas emissions—our second largest source and up 50% since 1990—and residential construction makes up a big piece of this pie. When a single-family home or low-rise multifamily structure is built, it lasts for at least 50 years—and often much longer—locking in the code that was in place at the time of construction.

Currently, **cities and counties in Washington state cannot require that new homes be more efficient, which is different from the building of new commercial buildings.** With many areas of Washington experiencing explosive population growth and homebuilding activity, not having this option is a real lost opportunity for our emissions goals and for residents' energy bills.

Background

Washington's energy code regulates the energy use of new and renovated buildings. The residential energy code applies to single-family homes and multifamily properties three floors and smaller.

Under state law, Washington's energy code must result in new buildings that are 70% more efficient in 2031 than they were in 2006–and we need innovative policymaking to support and reach that goal.

This policy would **direct the Washington State Building Code Council to establish two additional tiers, or "stretches", of energy code for residential buildings.** A stretch energy code provides multiple levels from which a local government can choose. This policy would set two tiers of more efficient codes; a local government could then choose the base code or one of the more efficient tiers, but the default would be the base.

Frequently Asked Questions

What are the benefits of a stretch energy code?

- **Homeowners and tenants**: Saves money on utility bills, while living in more comfortable homes
- **Homebuilders**: Maintains existing flexible mechanism for compliance with energy code requirements
- **Local governments**: Gives more flexibility to choose policies to meet energy and emission reduction goals
- **State energy code**: Builds a pool of experience—homes constructed under higher tiers will inform future advances toward the State's 2031 efficiency target

How do residential energy codes work now and how would this policy change it?

New residential buildings must achieve a certain number of "credits" from a table of options to meet the energy efficiency requirements, but how exactly to collect the credits is up to the builder. Builders can mix and match from this list so long as they end up with enough credits to meet the minimum requirements.

Under this bill, the mechanism for complying with the State Residential Energy Code would not functionally change. The policy would create two additional tiers, or "stretches", above the minimum code requirements. The first tier would require enough additional credits to yield energy savings of 8-10% beyond the minimum code, and the second tier would have energy savings of 16-20% beyond the minimum. The bill would allow local governments to adopt one of the two higher tiers in their jurisdiction, but the default choice would be the base code.

How will this policy affect housing affordability?

In short, lower energy bills mean more affordable housing. High energy costs are a key driver behind the housing affordability crisis:

- A recent report from the American Council for an Energy-Efficient Economy found that low income households spend 7.2% of their household income on energy bills—**more than three times** the amount of higher income households.
- Renter households, in particular, suffer from the "split incentive" problem—builders are not the ones paying the energy bills over the lifespan of a building, and therefore have little incentive to implement energy efficiency measures, leaving **residents paying outsized energy bills** for inefficient buildings.
- Studies have consistently found that energy efficiency measures more than pay for themselves. In fact, recent analysis of the policy proposed here found that, even at the highest tier, a resident would end up saving money in utility bills over the long run—**making this policy cost-effective for Washingtonians**.

How will this policy affect upfront construction costs?

Green building does not need to be more expensive: when energy efficiency is integrated into the building design from the start, as opposed to adding efficient strategies later in the process or as a retrofit, evidence suggests that the upfront costs are not necessarily any more than less efficient buildings. Additionally, experience has shown when something is required rather than being a premium "add-on", costs come down even faster than expected—the market transforms to provide these more efficient products at lower cost.

QUESTIONS?

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