

Workshop 1: How can we prioritize building electrification in impacted communities including in single and multifamily rental housing?

Presenters:

Jody London, Sustainability Coordinator, Contra Costa County

There are three main areas that have to be addressed to accomplish retrofitting existing buildings:

1. Obtaining financing and incentives.
2. Preventing displacement of current tenants because of post-improvement rent increases.
3. Engaging the wide range of building owners.

Most of unincorporated Contra Costa County's multifamily housing stock was built prior to 1992, before current energy conservation requirements. They are not designed for energy efficiency, cannot accommodate additional electrical load.

Tom White, Associate Director of Building Performance and Sustainability, Eden Housing Inc.

- Public financing of retrofits of low-income multifamily buildings has a built-in timing obstacle because contractors need to be paid during construction while grants require verification of completed work.
- The expense of funding temporary housing for tenants while an older building is undergoing extensive rehabbing is another obstacle. If PG&E cannot hook up electricity upgrades, the wait time can be too expensive and even time out, requiring the owner to provide new housing options.
- When to electrify: whole building envelope and distribution efficiency first. Electrifying energy and water hogs wastes energy and money! The Association for Energy Affordability (AEA) insists on hot water crossover tests before recommending Heat Pump Water Heater. Plan to upgrade on burnout, or recapitalization/refinancing event.
- Who saves: owner and resident save energy costs from more efficient equipment and appliance, especially when onsite solar photovoltaics offset both stakeholders. Added cooling costs in homes without prior air conditioning may add a new utility allowance, depending on whether local jurisdiction offers an energy efficient building utility allowance.
- Who pays: multifamily owners pay for upgrading tenant HVAC and water heating, increasing the overall value of the property. Owners also pay for relocating tenants when gut rehabs are required to improve building envelope and interior energy distribution systems.
- Also, if a building is currently master-metered for gas and the gas is removed, the tenant may then be responsible for paying the electricity bill, creating a new cost for the tenant. Will heat pump be sufficiently efficient to offset that cost? Is there a way to factor in improved comfort and tenant health, to show that there is more benefit from the expenditure on energy?

Discussion Points

- Small landlords may be deterred from retrofits because of bureaucratic obstacles, lack of financing, and increased property taxes when the improved properties are re-assessed at a higher value.

- Landlords, tenants, and homeowner associations need to be educated about the benefits of electrification, not just the message we need to lower ghg emissions. Reframe all-electric conversion as an investment in the buildings.
- PG&E's backlogged approval process for connecting retrofitted buildings to the grid often causes major delays in project completions.
- HOA's can be a roadblock for retrofits.
- Need to prioritize impacted communities. For example, in the City of Concord, 40% of residents are tenants. We do not want people to be displaced when buildings are converted to all-electric.
- Can we start with public housing? Or create a land trust for certain homes? What could be the role of land trusts and/or community banks?
- Some cities like San Jose require building energy use intensity scores for buildings of certain sizes. In Paris, this information is provided as buildings are advertised for sale.
- Do we have data on who pays utility bills in rental properties, landlords or tenants?
- Concern about leaking refrigerant from heat pumps if they are not installed properly. This points to the importance of a well-trained workforce.
- PG&E has hosted a program where it installs energy efficiency technology in common areas of multi-family properties.

Solution Ideas

- Contra Costa County has an innovative program in which the health department identifies people with asthma who are high users of emergency services and provides funds for the County's weatherization program to improve these patients' residences.
- An incentive for small landlords that would address displacement is for government to provide low- or no-interest loans with an agreement to keep rents at the same level for a stated period.
- Electrification improvements could be excluded from items that increase assessed property values, thus avoiding a hit to property taxes.
- The City of Richmond has separate monthly meetings with landlords and tenants, which can be used to educate both groups about electrification.
- We could follow the European model and require property sellers to disclose energy usage, thereby incentivizing energy conservation.
- A way to engage landlords is to talk about retrofits as an investment that will increase their property's value and the possibility that electrification will be required in the future to sell their buildings
- SB 527 would require neighborhood-scale conversion to all-electric. This would start with 15 pilot projects across the state that affect no more than 1% of each gas corporation's customers. (note:the bill is in the suspense file as of 5/24/23)
- The California Energy Commission is sponsoring an [Equitable Building Decarbonization Program](#) which will prioritize low cost or free retrofits for low income.
- Some cities are looking at energy efficiency standards for rental properties.