

Outlining the intersection of building decarbonization and tenant protection

Setting the Landscape – Need for decarbonization and potential impacts on tenants



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Building Electrification and Housing Affordability

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Agenda

- **Housing Affordability Key Concepts and Definitions**
- **The Housing Affordability Crisis in Cities**
- **Solving Housing Affordability: The Three Ps**
- **Housing Affordability and Building Electrification**

Why Decarbonize Buildings?



Building Electrification | Impact

- Fossil fuel use in buildings can account for **15-40% of citywide GHG emissions** in a typical city
- BE is better for **health and safety**
- BE **mitigates the impact of heat waves** through high efficiency cooling
- Heat pumps **reduce building energy costs for most customers**
- Opportunity to rectify **economic & racial injustice**

Household Energy Usage
(U.S. Average)

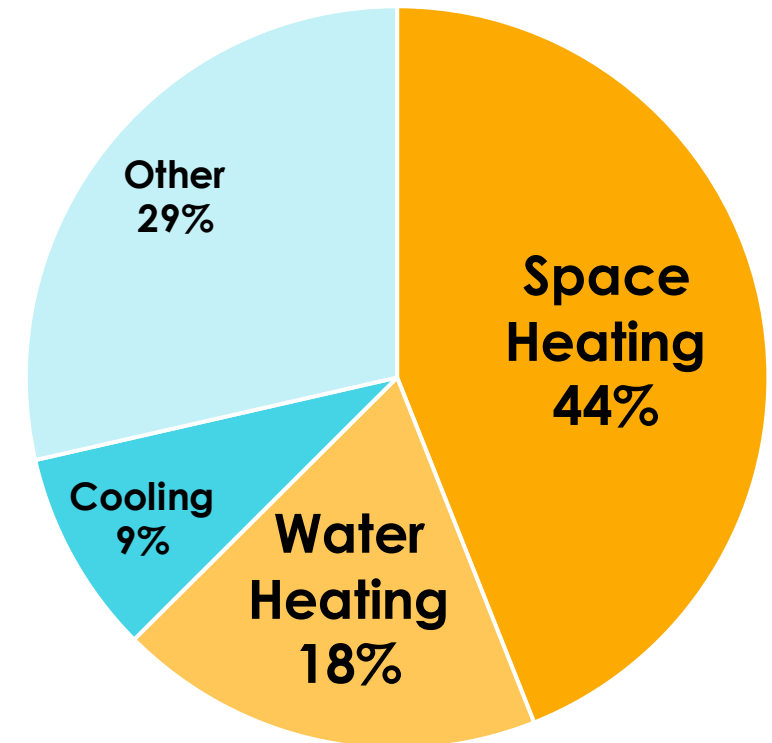
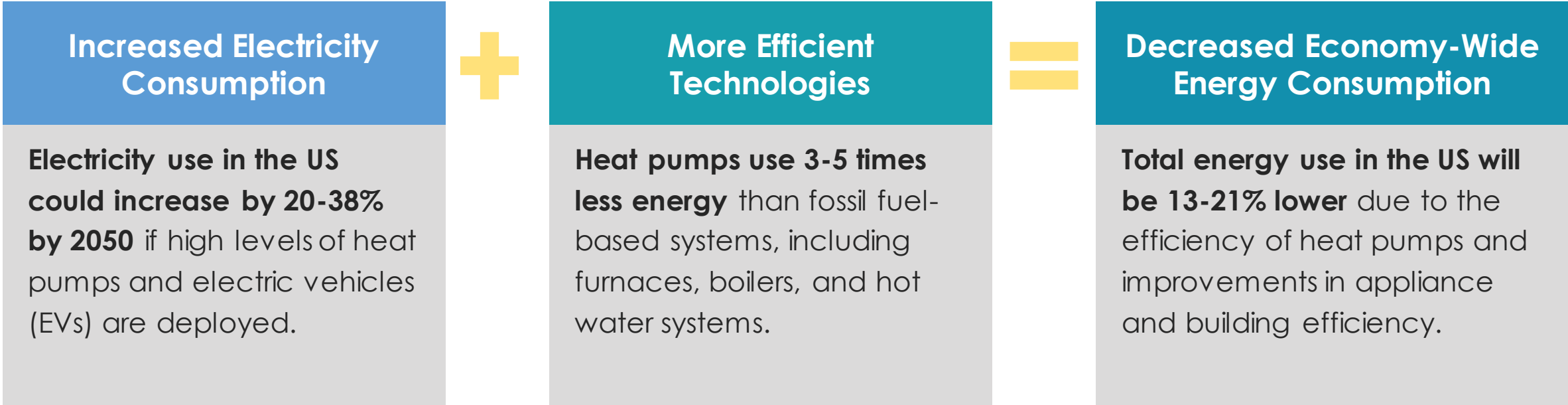


Image Source: Harvard University, Joint Center for Housing Studies

Building Electrification | Economy-Wide Energy Efficiency

- **Widescale deployment of heat pumps may increase total electricity use but decrease economy-wide energy use.** This is because heat pump technologies are so energy efficient.



Building Electrification | Impact

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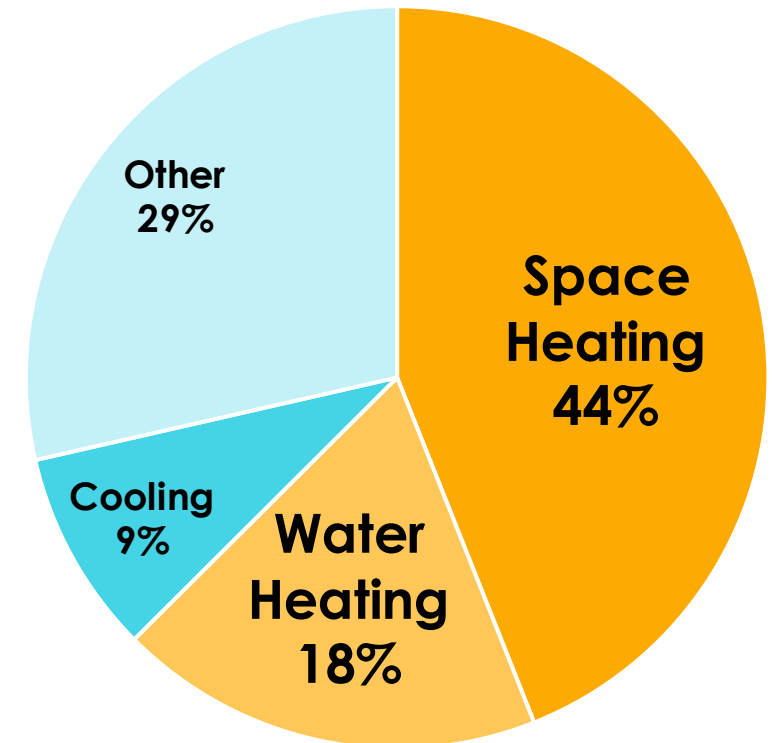


Image Source: Harvard University, Joint Center for Housing Studies

Housing Affordability

Key Concepts and Definitions



Housing Affordability | Key Concepts & Definitions

A Working Definition of Affordable Housing

High-quality, healthy homes in which all-in costs fit within a household's budget and do not force residents to make choices between other critical needs (such as food, utilities, medicine, and childcare.)

Housing Affordability | Key Concepts & Definitions

Regulated Affordable Housing

Housing that is regulated by a government program to restrict rents and/or restrict allowable resident incomes to maintain affordability.

- Subsidized affordable housing
- Rental assistance housing
- Rent-controlled housing
- Public housing

Housing Affordability | Key Concepts & Definitions

Unregulated Affordable Housing (aka “Naturally-Occurring Affordable Housing”)

Housing that is priced below local average market rate and/or is affordable to existing residents, but is not subject to regulations restricting rents or incomes.

- May be located in lower-income areas, often those that were historically redlined
- May also be located in higher-income or gentrifying areas
- Generally makes up a substantial portion of a city’s housing stock

The Housing Affordability Crisis in Cities



Housing Affordability in Cities | Housing Cost Burden

At least 40% of renters are housing cost-burdened in most metro areas across the country, and these numbers are rapidly increasing.

The impacts are magnified in communities of color as a direct result of historic and ongoing racist policies.

Share of Households with Cost Burdens in the U.S. (2021)

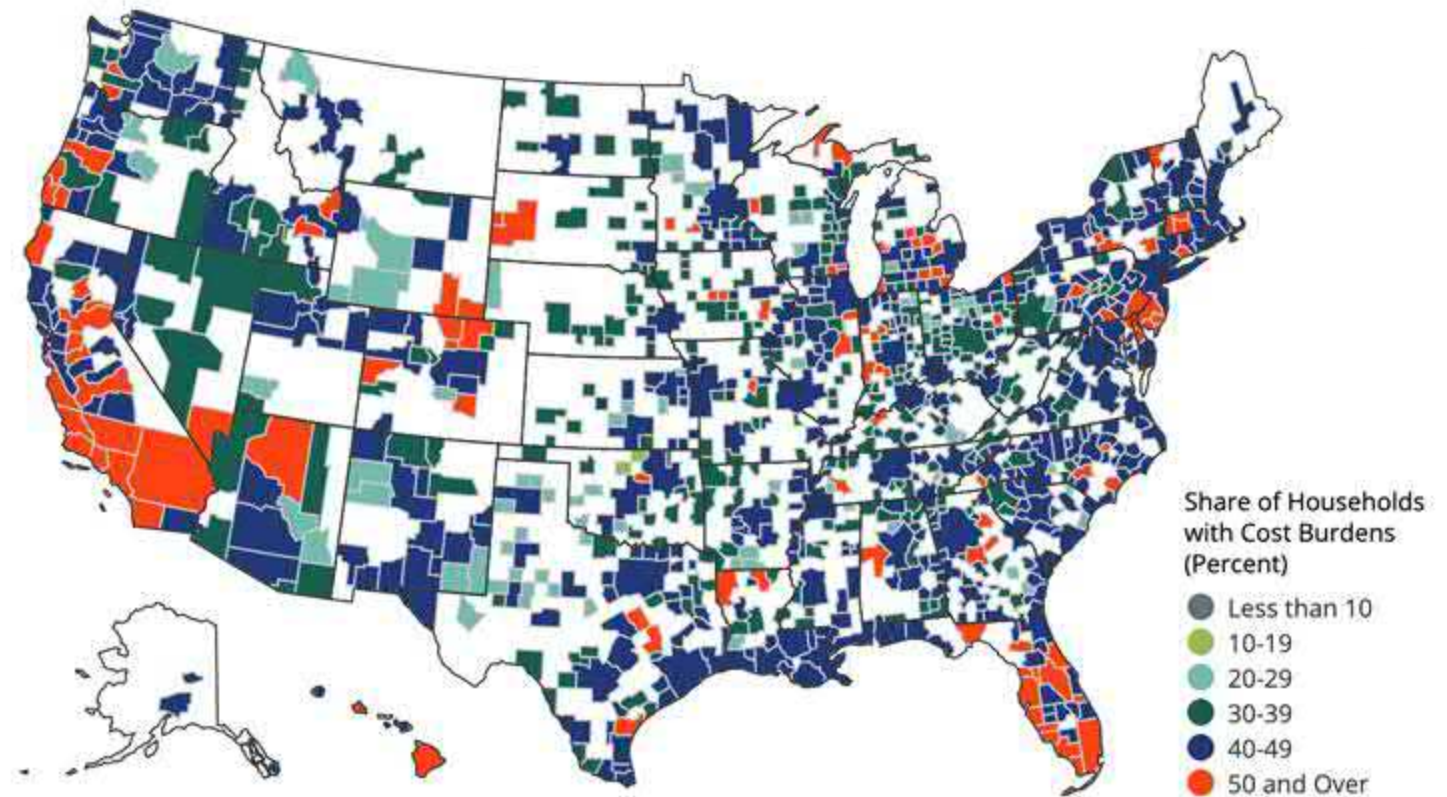


Image Source: Harvard University, Joint Center for Housing Studies

Housing Affordability in Cities | Displacement

As housing costs accelerate, gentrification is displacing communities of color across the U.S. at alarming rates.

Change in African American Population, Greater Boston (1990-2017)

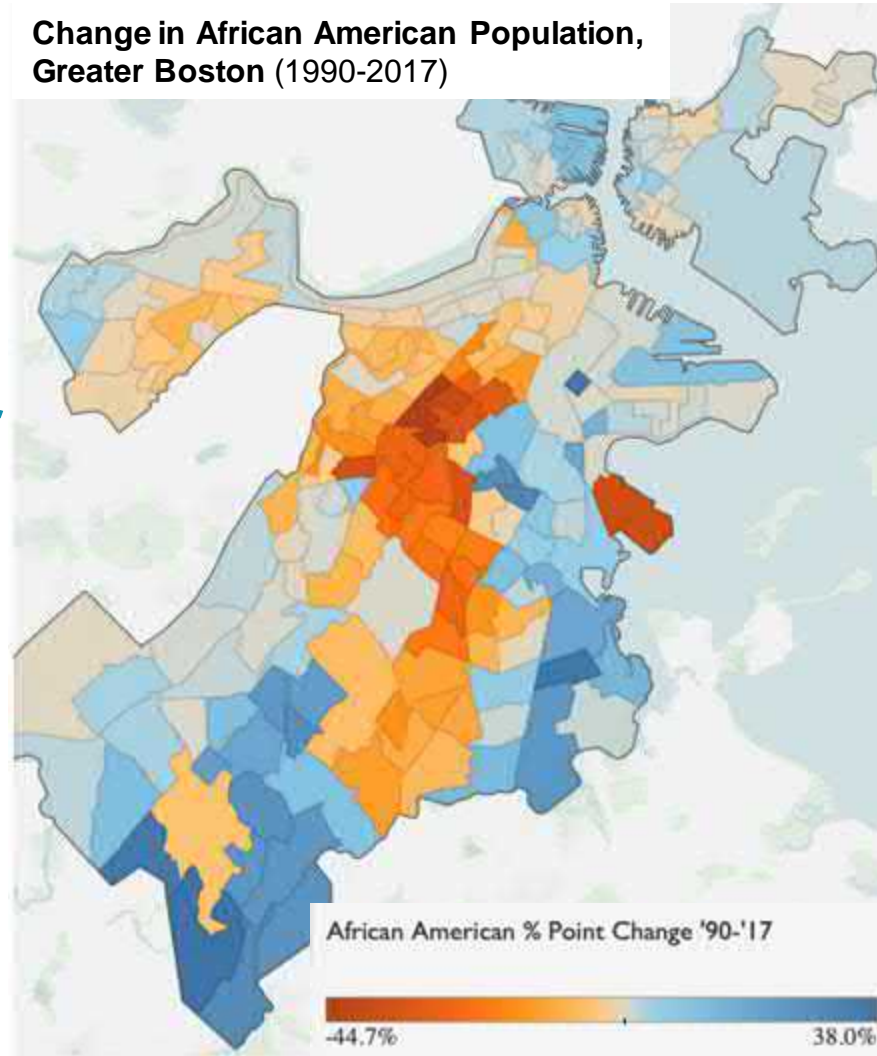


Image Source: *Changing Faces of Greater Boston*, a collaboration between Boston Indicators and University of Massachusetts

Change in Low-income (<80% AMI) Black Households in Alameda County (2000-2015)

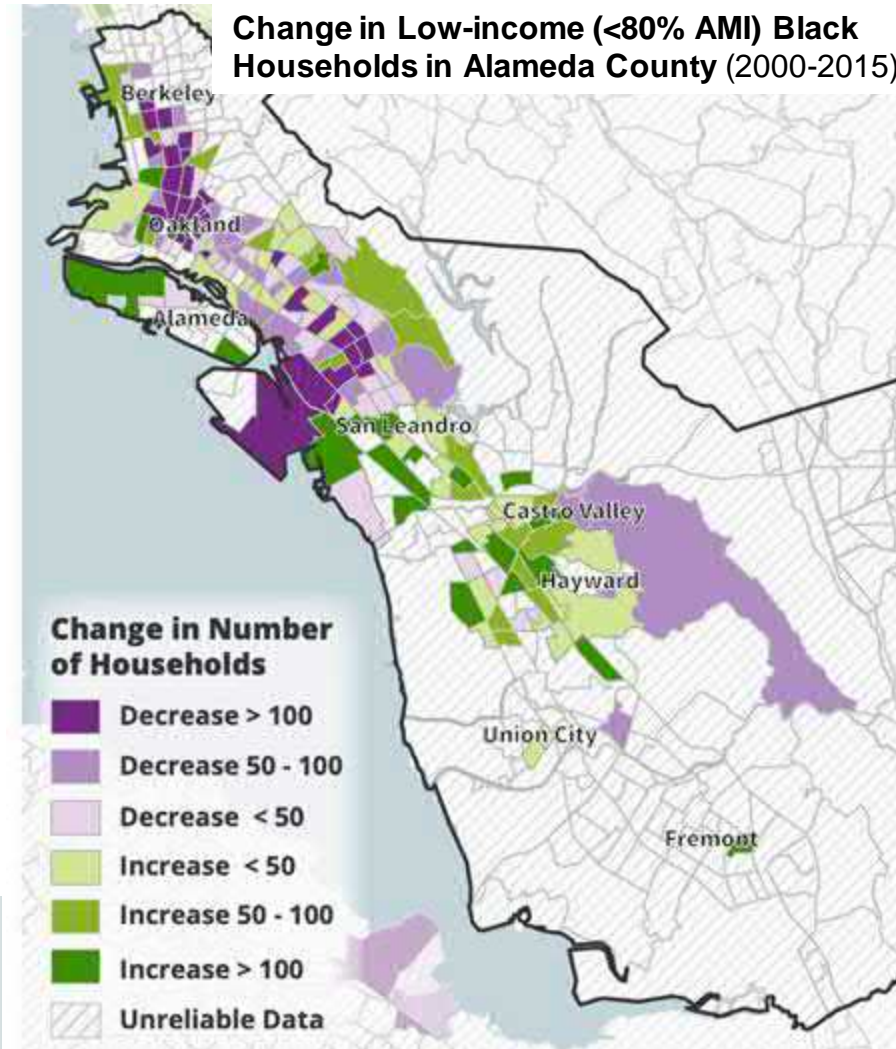


Image Source: *Rising Housing Costs and Re-Segregation in Alameda County*, Urban Displacement Project

Housing Affordability in Cities | Health and Safety

For housing that is currently affordable, health and safety are often trade-offs

- Affordable housing often has the highest instances of health and safety violations.
- Gas appliances in the home are linked to childhood asthma¹
- Energy upgrade programs often do not reach low-income housing²

Prevalence of 3+ Maintenance Deficiencies by Housing Type in NYC

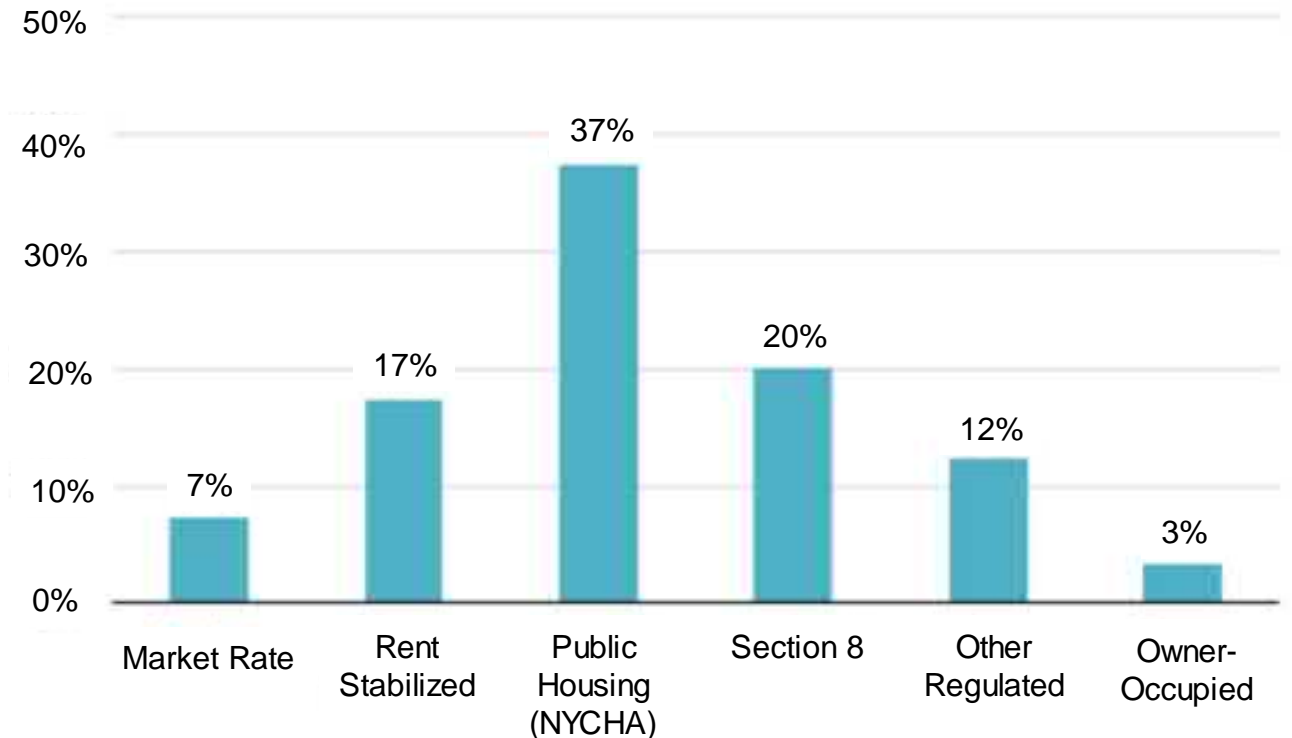


Chart Source: NYC Housing and Vacancy Survey, 2017 vis U.S. Census Bureau and NYC Housing Department of Preservation and Development

Housing Affordability in Cities | Building Upgrades

Building upgrades could exacerbate the housing affordability crisis and cause displacement.

- Building owners may choose to recoup upgrade costs by increasing rents.
- Owners may choose to pass new or higher utility costs on to renters.
- Upgrades can displace tenants during construction and/or lead to unfair evictions.
- Improved amenities may allow building owners to ask for higher rents.

Example Costs and Potential Rent Increase
Retrofit to All-electric Building over 30 years (Northeast Climate)

	Total Installed Cost	Lifetime Bill Savings	Potential Rent Increase
Multifamily Building, High Energy User	\$4.8M	\$1.4M	\$50-\$250 per unit per month
Multifamily Building, Low Energy User	\$1.6M	No savings	

Depending on how a landlord decides to recoup the costs of a major building upgrade, **they may choose to increase the rent by anywhere from \$50 to \$250 per month.***

Solving Housing Affordability



Solving Housing Affordability | The Three Ps

Housing advocates have frameworks that can help align policies for both housing affordability and building electrification.

The Three Ps of Affordable Housing

- **PROTECT tenants:** Ensure renters are not unnecessarily forced out of their homes.
- **PRESERVE housing:** Ensure housing that is currently affordable remains affordable to those who live there.
- **PRODUCE** more affordable housing: Build new housing that serves all income levels to accommodate new residents.

Housing Affordability and Building Electrification



Housing Affordability and Building Electrification

Opportunities

- 1. Enact a strong, citywide and regional tenant protection regime**
- 2. Preserve existing affordable housing by funding electrification/energy upgrades and preventing housing cost and rent increases**
- 3. Enable the development of more (all-electric) affordable and “missing middle” housing**

Housing Affordability and Building Electrification

1. Enact a strong, citywide and regional tenant protection regime

Why it matters for building energy policies:

- Policies that accelerate building upgrades could lead to rising rents, tenant harassment, and evictions.
- A strong complementary tenant protection regime would be the surest way to provide protection.

Example Policies:

1. Just Cause Eviction Policy
2. Right of First Refusal or “Tenant Opportunity to Purchase” (TOPA) Policies
3. Code Enforcement & Harassment Protection
4. Relocation Assistance
5. Right to Return
6. Regional Coordination for Displacement Prevention

Housing Affordability and Building Electrification

2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

Key Opportunities:

- a) Ensure upgrades result in energy bill savings for priority customers to reduce their costs and ensure they are not left out of the clean energy transition.
- b) Ensure the capital costs of upgrades are not passed through to low- and moderate-income renters.
- c) Preserve existing affordable housing by increasing funding and outreach to bring more homes under affordable housing regulation.

Housing Affordability and Building Electrification

2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

- a) Ensure upgrades result in energy bill savings for priority customers to reduce their costs and ensure they are not left out of the clean energy transition.

Example Programs and Policies

1. **Launch technical assistance programs** to help building owners combine upgrades that will ensure bill savings and to help them “stack” relevant funding sources.
2. **Advocate for favorable rate design** for electrification at the state and utility level.

Housing Affordability and Building Electrification

2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

- b) Ensure the capital costs of upgrades are not passed through to low- and moderate-income renters and residents.

Example Programs and Policies

1. Provide public funding to affordable rental buildings and pair these with restrictions that prevent passing on costs to renters
2. Provide public funding for low-income homeowners
3. Expand funding for existing affordable housing preservation programs

Housing Affordability and Building Electrification

2. Preserve existing affordable housing by funding upgrades and preventing housing cost and rent increases

- c) Preserve existing affordable housing by increasing funding and outreach to bring more homes under affordable housing regulation.

Example Programs and Policies

1. **Expand existing affordable housing preservation programs**, such as:
 - Low-income Housing Tax Credit (LIHTC) preservation programs
 - Section 8/rental assistance programs
 - Community land trusts
2. **Preserve currently unregulated affordable housing** by bringing them under affordability regulations in exchange for grants or subsidies.

Housing Affordability and Building Electrification

3. Enable the development of more (all-electric) affordable and “missing middle” housing

Cities must build significantly more housing for a greater diversity of income levels.

- Most new construction is luxury housing, serving only those with the highest incomes.
- Very little low-income and middle-income housing is being constructed.

Example Policies

1. Enact an all-electric new construction policy
2. Upzone transit corridors and 1-2 family zoned areas
3. Enact mandatory inclusionary housing
4. Invest directly in the development of new affordable housing, including on city-owned property
5. Encourage or require private companies to develop new housing for employees